

**OSCEOLA COUNTY**  
**INDEPENDENT AUDITOR'S REPORTS**  
**BASIC FINANCIAL STATEMENTS AND**  
**SUPPLEMENTARY INFORMATION**  
**SCHEDULE OF FINDINGS**

**JUNE 30, 2008**

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## Osceola County

### Officials

Name	Title	Term/ Term Expires
<b>(Before January 2008)</b>		
Daryl Streng	Board of Supervisors	December 31, 2008
Byron Lopau	Board of Supervisors	December 31, 2008
Darwin Beltman	Board of Supervisors	December 31, 2010
Derrick Petersen	Board of Supervisors	December 31, 2010
William Imhoff	Board of Supervisors	December 31, 2010
Barbara Echter	County Auditor	December 31, 2008
Linda Carter	County Treasurer	December 31, 2010
Arlene Kuehl	County Recorder	December 31, 2010
Douglas Weber	County Sheriff	December 31, 2008
Robert Hansen	County Attorney	December 31, 2010
Sharon Wolter	County Assessor	December 31, 2009 (Appointed)
Thomas Snyder	County Engineer	Indefinite (Appointed)
Ronald Spengler	County Conservation Director	Indefinite (Appointed)
Debra Goettig	County Emergency Management Director	Indefinite (Appointed)
Jerry Johnson	Public Safety Commission Board Member	December 31, 2007
Richard Mataloni	Public Safety Commission Board Member	December 31, 2007
Arlyn Pedley	Public Safety Commission Board Member	December 31, 2007
Jeff Loring	Public Safety Commission Board Member	December 31, 2007
Gary Benz	Public Safety Commission Board Member	December 31, 2007
Dan Grote	Public Safety Commission Board Member	December 31, 2007
Byron Lopau	Public Safety Commission Board Member	December 31, 2007
Darwin Beltman	Public Safety Commission Board Member	December 31, 2007
<b>(Starting January 2008)</b>		
Daryl Streng	Board of Supervisors	December 31, 2008
Byron Lopau	Board of Supervisors	December 31, 2008
Darwin Beltman	Board of Supervisors	December 31, 2010
Derrick Petersen	Board of Supervisors	Resigned February 12, 2008
William Imhoff	Board of Supervisors	December 31, 2010
Larry Pedley	Board of Supervisors	April 8, 2008 to December 31, 2010
Barbara Echter	County Auditor	December 31, 2008
Linda Carter	County Treasurer	December 31, 2010
Arlene Kuehl	County Recorder	December 31, 2010
Douglas Weber	County Sheriff	December 31, 2008
Robert Hansen	County Attorney	December 31, 2010

Sharon Wolter	County Assessor	December 31, 2009 (Appointed)
Thomas Snyder	County Engineer	Indefinite (Appointed)
Ronald Spengler	County Conservation Director	Indefinite (Appointed)
Debra Goettig	County Emergency Management Director	Indefinite (Appointed)
Jerry Johnson	Public Safety Commission Board Member	December 31, 2008
Mike Schulte	Public Safety Commission Board Member	December 31, 2008
Arlyn Pedley	Public Safety Commission Board Member	December 31, 2008
Robert Crist	Public Safety Commission Board Member	December 31, 2008
Gary Benz	Public Safety Commission Board Member	December 31, 2008
Dan Grote	Public Safety Commission Board Member	December 31, 2008
Byron Lopau	Public Safety Commission Board Member	December 31, 2008
Darwin Beltman	Public Safety Commission Board Member	December 31, 2008



# **DE NOBLE & COMPANY PC**

Certified Public Accountants

## **MEMBERS**

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## **Independent Auditor's Report**

To the Officials of Osceola County:

We have audited the accompanying financial statements of the governmental activities, each major fund, the aggregate remaining fund information and the component unit of Osceola County, Iowa, as of and for the year ended June 30, 2008, which collectively comprise the County's basic financial statements listed in the table of contents. These financial statements are the responsibility of Osceola County's management. Our responsibility is to express opinions on these financial statements based on our audit.

We conducted our audit in accordance with U.S. generally accepted auditing standards and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe our audit provides a reasonable basis for our opinions.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the governmental activities, each major fund, the aggregate remaining fund information and the component unit of Osceola County at June 30, 2008, and the respective changes in financial position for the year then ended in conformity with U.S. generally accepted accounting principles.

In accordance with *Government Auditing Standards*, we have also issued our report dated June 29, 2009 on our consideration of Osceola County's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.

Management's Discussion and Analysis and budgetary comparison information on pages 5 through 15 and 48 through 52 are not required parts of the basic financial statements, but are supplementary information required by the Governmental Accounting Standards Board. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the required supplementary information. We did not audit the information and express no opinion on it.

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise Osceola County's basic financial statements. We previously audited, in accordance with the standards referred to in the second paragraph of this report, the financial statements for the three fiscal years ended June 30, 2007 (which are not presented herein) and expressed unqualified opinions on those financial statements. Siebrecht Spitler & De Noble PC (Siebrecht Spitler & De Noble PC was formally dissolved and De Noble & Company PC is one of the two new companies that were formed directly from this dissolution) previously audited, in accordance with the standards referred to in the second paragraph of this report, the financial statements for the two fiscal years ended June 30, 2004 (none of which are presented herein) and expressed unqualified opinions on those financial statements. Other supplementary information included in Schedules 1 through 11 is presented for purposes of additional analysis and is not a required part of the basic financial statements. Such information has been subjected to the auditing procedures applied in our audit of the basic financial statements and, in our opinion, is fairly stated in all material respects in relation to the basic financial statements taken as a whole.

*De Noble & Company PC*

De Noble & Company PC  
Certified Public Accountants

June 29, 2009

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## Management Discussion and Analysis

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Osceola County provides this Management's Discussion and Analysis of its financial statements. This narrative overview and analysis of the financial activities is for the fiscal year ended June 30, 2008. We encourage readers to consider this information in conjunction with the County's financial statements, which follow.

### **Fiscal Year 2008 Financial Highlights**

- The County's governmental funds revenues for fiscal year 2008 were \$5,764,421 compared to \$5,614,678 in fiscal year 2007, an increase of \$149,743 or 2.7%. Property taxes and other county tax increased \$40,095 or 1.7% and intergovernmental increased by \$103,901 or 4.4%.
- The County's governmental funds expenditures for fiscal year 2008 were \$7,047,393 compared to \$5,614,521 in fiscal year 2007, an increase of \$1,432,872 or 25.5%. Roads and transportation increased by \$777,536 or 36.3%, mental health increased by \$113,397 or 16.7%, county environment and education increased by \$133,890 or 44.5%, administration increased by \$101,888 or 16.8%, and capital projects increased by \$609,549 or 120.5%.
- The County's governmental funds fund balances for fiscal year 2008 were \$2,760,743 compared to \$3,469,771 in fiscal year 2007, a decrease of \$709,028 or 20.4%. The County had general obligation loan proceeds of \$509,000 during the fiscal year.
- The County's government-wide net assets for fiscal year 2008 were \$9,629,752 compared to \$7,834,182 in fiscal year 2007, an increase of \$1,795,570 or 22.9%.
- The County's governmental activities revenues for fiscal year 2008 were \$7,517,396 compared to \$6,215,455 in fiscal year 2007, an increase of \$1,301,941 or 20.9%. Operating grants, contributions and restricted interest increased by \$126,435 or 5.9%, and capital grants, contributions and restricted interest increased by \$1,105,779 or 176.0%.
- The County's governmental activities expenses for fiscal year 2008 were \$5,721,826 compared to \$5,451,702 in fiscal year 2007, an increase of \$270,124 or 5.0%. Mental health increased by \$113,396 or 16.6%, county environment and education increased by \$106,911 or 36.1%, roads and transportation increased by \$118,093 or 5.5%, administration increased by \$72,793 or 11.8%, and capital projects decreased by \$179,078 or 67.8%.

### **Using this Annual Report**

The annual report consists of a series of financial statements and other information, as follows:

- Management's Discussion and Analysis introduces the basic financial statements and provides an analytical overview of the County's financial activities.
- The Government-Wide Financial Statements consist of a Statement of Net Assets and a Statement of Activities. These provide information about the activities of Osceola County as a whole and present an overall view of the County's finances, including data on the County's discretely presented component unit, the Public Safety Commission.

- The Fund Financial Statements tell how governmental services were financed in the short term as well as what remains for future spending. Fund financial statements report Osceola County's operations in more detail than the governmental-wide statements by providing information about the most significant funds. The remaining statements provide financial information about activities for which Osceola County acts solely as an agent or custodian for the benefit of those outside of County government (Agency Funds).
- Notes to Financial Statements provide additional information essential to a full understanding of the data provided in the basic financial statements.
- Required Supplementary Information further explains and supports the financial statements with a comparison of the County's budget for the year.
- Other Supplementary Information provides detailed information about the nonmajor Special Revenue Funds and the individual Agency Funds. In addition, financial statement and budgetary comparison information is presented for the Public Safety Commission.

### **Reporting the County's Financial Activities**

#### *Government-Wide Financial Statements*

One of the most important questions asked about the County's finances is, "Is the County as a whole better off or worse as a result of the year's activities?" The statement of Net Assets and the Statement of Activities report information which helps answer this question. These statements include all assets and liabilities using the accrual basis of accounting and the economic resources measurement focus, which is similar to the accounting used by most private-sector companies. All of the current year's revenues and expenses are taken into account, regardless of when cash is received or paid.

The Statement of Net Assets presents all of the County's assets and liabilities, with the difference between the two reported as "net assets". Over time, increases or decreases in the County's net assets may serve as a useful indicator of whether the financial position of the County is improving or deteriorating.

The Statement of Activities presents information showing how the County's net assets changed during the most recent fiscal year. All changes in net assets are reported as soon as the change occurs, regardless of the timing of related cash flows. Thus, revenues and expenses are reported in this statement for some items that will not result in cash flows until future fiscal periods.

The County's governmental activities are presented in the Statement of Net Assets and the Statement of Activities. Governmental activities include public safety and legal services, physical health and social services, mental health, county environment and education, roads and transportation, governmental services to residents, administration, interest on long-term debt and small (noncapitalized) capital projects. Property tax, tax increment financing and intergovernmental financing (grants) fund most of these activities. The County has no business type activities.

The government-wide financial statements include not only the County itself (known as the *primary government*), but also the legally separate Public Safety Commission for which the County is financially accountable. Financial information for this component unit is reported separately from the financial information presented for the primary government itself.

## *Fund Financial Statements*

The County has two kinds of funds:

- 1) Governmental funds account for most of the County's basic services. These focus on how money flows in and out of these funds and the balances left at year-end that are available for spending. The governmental funds include: 1) the General Fund and 2) Special Revenue Funds, such as Mental Health, Rural Services, Secondary Roads, Urban Renewal District 1 Plan Area Revenue and Urban Renewal District 1 Principle and Interest Sinking. These funds are reported using the current financial resources measurement focus and the modified accrual basis of accounting, which measures cash and all other financial assets that can readily be converted to cash. The governmental fund financial statements provide a detailed, short-term view of the County's general governmental operations and the basic services it provides. Governmental fund information helps determine whether there are more or fewer financial resources that can be spent in the near future to finance the County's programs.

The required financial statements for governmental funds include a Balance Sheet and a Statement of Revenues, Expenditures and Changes in Fund Balances.

- 2) Fiduciary funds are used to report assets held in a trust or agency capacity for others which cannot be used to support the County's own programs. These fiduciary funds include Agency Funds that account for the E911 Fund, Emergency Management Services Fund, the County Assessor's Funds and all the tax funds necessary to collect and distribute property taxes to schools, cities and all other taxing authorities, to name a few.

The required financial statement for fiduciary funds is a Statement of Fiduciary Assets and Liabilities.

Reconciliations between the government-wide financial statements and the fund financial statements follow the fund financial statements.

## *Component Unit*

As discussed earlier, the Public Safety Commission is a component unit of the County. The Public Safety Commission does not issue separate financial statements, so basic financial statement information is included in the County's other supplementary information (schedules). This information is reported using the current financial resources measurement focus and the modified accrual basis of accounting, which measures cash and all other financial assets that can readily be converted to cash. The information provides a detailed, short-term view of the governmental operations and the basic services it provides. This information helps one determine whether there are more or fewer financial resources that can be spent in the near future to finance the Public Safety Commission's programs. The Public Safety Commission adopts its budget on a cash basis.

Some of the financial highlights for fiscal year 2008 for the Public Safety Commission include:

- The discretely presented component unit – Public Safety Commission's government-wide net assets for fiscal year 2008 were \$412,087 compared to \$451,384 in fiscal year 2007, a decrease of \$39,297 or 8.7%. The Public Safety Commission's governmental activities revenues for fiscal year 2008 were \$903,140 compared to \$893,174 in fiscal year 2007, an increase of \$9,966 or 1.1%. The Public Safety Commission's governmental activities expenses for fiscal year 2008 were \$942,437 compared to \$873,184 in fiscal year 2007, an increase of \$69,253 or 7.9%.

Revenues increased due to charges for services. Expenses increased mainly in the area of uniformed patrol services.

- The Public Safety Commission's modified accrual basis revenues for fiscal year 2008 were \$901,642 compared to \$894,366 in fiscal year 2007, an increase of \$7,276 or 0.8%. The Commission also had an other financing source of \$2,071 from the sale of capital assets.
- The Public Safety Commission's modified accrual basis expenditures for fiscal 2008 were \$931,229 compared to \$868,967 in fiscal year 2007, an increase of \$62,262 or 7.2%. Expenditures increased primarily in the uniformed patrol services area.
- The Public Safety Commission's fund balance for fiscal year 2008 was \$238,506 compared to \$266,022 in fiscal year 2007, a decrease of \$27,516 or 10.3%.
- The Public Safety Commission did not exceed its final budgeted disbursements for fiscal year 2008. The Public Safety Commission did amend its budget once during fiscal year 2008. The budget amendment increased budgeted disbursements by \$68,500. For fiscal year 2008, the Public Safety Commission's actual ending cash balance of \$231,870 was \$96,955 higher than the final budget's anticipated ending cash balance of \$134,915.

### **Government-Wide Financial Analysis**

As noted earlier, net assets may serve over time as a useful indicator of financial position. The analysis that follows focuses on the changes in the net assets for governmental activities and the component unit from a year ago.

<b>Net Assets</b>				
	Governmental Activities		Public Safety Commission	
	June 30,		June 30,	
	2008	2007	2008	2007
Current and Other Assets	\$ 6,083,881	6,546,175	\$ 256,763	279,393
Capital Assets	9,629,153	6,841,087	208,477	238,979
Total Assets	15,713,034	13,387,262	465,240	518,372
Other Liabilities	3,141,229	2,925,885	11,903	8,515
Long-term Liabilities	2,942,053	2,627,195	41,250	58,473
Total Liabilities	6,083,282	5,553,080	53,153	66,988
Net Assets:				
Invested in Capital Assets, Net of				
Related Debt	9,135,413	6,841,087	208,477	238,979
Restricted	( 260,195)	31,094	0	0
Unrestricted	754,534	962,001	203,610	212,405
<b>Total Net Assets</b>	<b>\$ 9,629,752</b>	<b>7,834,182</b>	<b>\$ 412,087</b>	<b>451,384</b>

The largest portion of Osceola County's net assets is invested in capital assets (e.g., land, infrastructure, buildings and equipment). Restricted net assets represent resources that are subject to external restrictions, constitutional provisions or enabling legislation on how they can be used. Unrestricted net assets are the part of net assets that can be used to finance day-to-day operations without constraints established by debt covenants, enabling legislation or other legal requirements.



Of the total net assets for the County's governmental activities, invested in capital assets increased by \$2,294,326 or 33.5%, restricted net assets decreased by \$291,289 (mainly due to decreases in amounts restricted for Mental Health and Secondary Roads purposes), and unrestricted net assets decreased by \$207,467 or 21.6%.

<b>Changes in Net Assets</b>				
	Governmental Activities		Public Safety Commission	
	Year Ended		Year Ended	
	June 30, 2008	June 30, 2007	June 30, 2008	June 30, 2007
Revenues:				
Program Revenues:				
Charges for Service	\$ 425,000	391,690	\$ 890,211	870,735
Operating Grants, Contributions and Restricted Interest	2,280,862	2,154,427	12,929	10,239
Capital Grants, Contributions and Restricted Interest	1,734,133	628,354	0	12,200
General Revenues:				
Property Tax Levied for:				
General Purposes	2,114,462	2,093,498	0	0
Unified Law	256,209	237,506	0	0
Tax Increment Financing	323,713	320,185	0	0
Penalty and Interest on Property Tax	18,198	17,317	0	0
State Tax Credits	154,407	159,344	0	0
Grants and Contributions Not Restricted to Specific Purposes	16,013	11,183	0	0
Unrestricted Investment Earnings	160,044	172,289	0	0
Rents	26,363	26,443	0	0
Drainage Assessments	2,947	396	0	0
Gain on Disposal of Capital Assets	0	425	0	0
Miscellaneous	5,045	2,398	0	0
Total Revenues	7,517,396	6,215,455	903,140	893,174
Program Expenses:				
Public Safety and Legal Services	1,004,221	988,176	0	0
Physical Health and Social Services	143,070	129,747	0	0
Mental Health	794,948	681,552	0	0
County Environment and Education	403,469	296,558	0	0
Roads and Transportation	2,254,129	2,136,036	0	0
Governmental Services to Residents	237,711	222,876	0	0
Administration	689,084	616,291	0	0
Interest on Long-term Debt	110,213	116,407	0	0
Capital Projects	84,981	264,059	0	0
Public Safety Commission	0	0	942,437	873,184
Total Expenses	5,721,826	5,451,702	942,437	873,184
Increase in Net Assets	1,795,570	763,753	( 39,297)	19,990
Net Assets Beginning of Year	7,834,182	7,070,429	451,384	431,394
Net Assets End of Year	\$ 9,629,752	7,834,182	\$ 412,087	451,384

The portion of governmental activities costs financed by users (charges for service) increased by \$33,310 or 8.5% (mainly in the government services to residents function). Operating grants, contributions and restricted interest increased by \$126,435 or 5.9% (mainly in the mental health function). Capital grants, contributions and restricted interest increased by \$1,105,779 or 176.0% (mainly in the roads and transportation function). General revenues increased by \$36,417 or 1.2% (mainly due to property and other county taxes).

Program expenses for governmental activities this fiscal year increased by \$270,124 or 5.0%. Mental Health increased by \$113,396 or 16.6% (due mainly to increases in services needed), county environment and education increased by \$106,911 or 36.1% (due to an increase in maintenance and operations and contributing \$69,000 to the Osceola Electric Cooperative, Inc.'s revolving loan fund), roads and transportation increased by \$118,093 or 5.5% (due mainly to an increase in the roads and equipment operations areas), administration increased by \$72,793 or 11.8% (due mainly to general and data processing services) and capital projects decreased by \$179,078 or 67.8% (due to a decrease in noncapitalizable capital projects).

## **INDIVIDUAL MAJOR FUND ANALYSIS**

### **Governmental Major Fund Highlights**

Osceola County uses fund accounting to ensure and demonstrate compliance with finance-related requirements.

As Osceola County completed fiscal year 2008, its governmental funds reported a combined fund balance of \$2,760,743. This is in comparison to fiscal year 2007, when the combined fund balance was \$3,469,771. This is a \$709,028 decrease from last year. The following are the major reasons for the changes in fund balances of the major governmental funds from the prior year.

**GENERAL FUND:** The General Fund is the general operating fund of the County. All general tax revenues and other receipts that are not allocated by law or contractual agreement to some other fund are accounted for in this fund. The general operating expenses are paid from this fund. The fiscal year 2008 General Fund ending fund balance was \$997,927. This is in comparison to last fiscal year when the fund balance was \$1,154,899. This is a \$156,972 decrease from last year or 13.6%. For fiscal year 2008, expenditures totaled \$2,691,031 (fiscal year 2007 = \$1,946,789), an increase of \$744,242 or 38.2% from last year and revenues totaled \$2,025,058 (fiscal year 2007 = \$2,048,555), a decrease of \$23,497 or 1.2% from last year. The General Fund also received loan proceeds of \$509,000 during fiscal year 2008.

The revenues were lower than last fiscal year mainly due to a decrease in charges for service and miscellaneous revenues. The expenditures increased significantly mainly due to higher costs in the county environment and education, governmental services to residents and capital projects functions. The main reason for these large increases was the purchase of capital assets (property and a mainframe computer system) and a \$69,000 contribution to the Osceola Electric Cooperative Inc.'s revolving loan program (which was a condition of a long-term loan received).

**MENTAL HEALTH FUND:** The Mental Health Fund is used to account for property tax and other revenues designated to be used for mental health, mental retardation, and developmental disabilities services. The fiscal year 2008 Mental Health ending fund balance was \$(81,090). This is in comparison to last fiscal year when the fund balance was \$81,532. This is a \$162,622 decrease from last year or 199.5%. For fiscal year 2008, expenditures totaled \$792,245 (fiscal year 2007 = \$678,848), an increase over last year of \$113,397 or 16.7%, and revenues totaled \$629,623 (fiscal year 2007 = \$512,201), an increase over last year of \$117,422 or 22.9%. The revenues increased mainly due to the amount of



allowable growth factor funds received from the State of Iowa. The expenditures increased due mainly to additional services needed in fiscal year 2008.

**RURAL SERVICES FUND:** The Rural Service Fund is used to account for property tax and other revenues to provide services which are primarily intended to benefit those persons residing in the county outside of incorporated city areas, including secondary road services, but excluding services financed by other statutory funds. The fiscal year 2008 Rural Services ending fund balance was \$210,515. This is in comparison to last fiscal year when the fund balance was \$236,129. This is a \$25,614 decrease from last year. For fiscal year 2008, expenditures totaled \$45,685 (fiscal year 2007 = \$40,000), an increase from last year of \$5,685 or 14.2% and revenues totaled \$595,273 (fiscal year 2007 = \$589,627), an increase over last year of \$5,646 or 1.0%. The County transferred \$575,202 from the Rural Services Fund to the Secondary Roads Fund in fiscal year 2008 (compared to \$550,371 in fiscal year 2007). Overall, revenues remained constant compared to fiscal year 2007. Expenditures increased in the weed eradication area. The major reason for the reduction in the fund balance was an increase in transfers out.

**SECONDARY ROADS FUND:** The Secondary Roads Fund is used to account for secondary road construction and maintenance. The fiscal year 2008 Secondary Roads ending fund balance was \$1,192,261. This is in comparison to last fiscal year when the fund balance was \$1,619,670. This is a \$427,409 decrease from last year or 26.4%. For fiscal year 2008, expenditures totaled \$2,922,345 (fiscal year 2007 = \$2,144,809), an increase over last year of \$777,536 or 36.3% and revenues totaled \$1,854,790 (fiscal year 2007 = \$1,809,005), an increase over last year of \$45,785 or 2.5%. Operating transfers in were \$572,202 for fiscal year 2008 (all of the transfers in were from the Rural Services Fund). For fiscal year 2008, sale of capital assets was \$64,944, which includes the trade-in value on a motorgrader of \$61,000.

Revenues increased due to an increase in miscellaneous reimbursements. The large increase in expenditures was due mainly to increases in the following program areas: roadway maintenance (roads), snow and ice control, new equipment, equipment operations, real estate and buildings and capital projects (mainly roadway paving).

**URBAN RENEWAL DISTRICT 1 PLAN AREA REVENUE FUND:** The Urban Renewal District 1 Plan Area Revenue Fund is used to account for the collection of tax increment financing from Otter Creek Ethanol, LLC. The tax increment financing proceeds are being collected in order to satisfy urban renewal revenue capital loan note debt service requirements. For fiscal year 2008, this fund had revenues of \$327,419 (compared to \$324,414 in fiscal year 2007), transfers out of \$328,493 (compared to \$323,547 in fiscal year 2007), a beginning fund balance of \$1,249 and an ending fund balance of \$175.

**URBAN RENEWAL DISTRICT 1 PRINCIPAL AND INTEREST SINKING FUND:** The Urban Renewal District 1 Principal and Interest Sinking Fund is used to account for the payment of principal and interest on the urban renewal revenue capital loan notes. This fund for fiscal year 2008 had net transfers in of \$303,800 (compared to \$310,681 in fiscal year 2007), expenditures of \$303,800 (compared to \$312,088 in fiscal year 2007) and a beginning and ending fund balance of \$0.

**OTHER SPECIAL REVENUE FUNDS:** The other Special Revenue Funds, which include Recorder's Records Management, County Government Assistance, Sheriff Asset Forfeiture, Conservation Land Acquisition Trust, Unified Law Levy, Urban Renewal District 1 Plan Area Project, Drainage Districts, County Attorney Incentive Fund, and Urban Renewal District 1 Revenue Reserve are classified as nonmajor Special Revenue Funds. Nonmajor special revenue funds fund balances increased during fiscal year 2008 by \$64,663 or 17.2%. The Urban Renewal District 1 Revenue Reserve Fund and Conservation land Acquisition Trust Fund accounted for most of the increase.

## Budgetary Highlights

In accordance with the Code of Iowa, the Board of Supervisors annually adopts a budget following required public notice and hearing for all funds, except blended component units and Agency Funds. Although the budget document presents functional disbursements by fund, the legal level of control is at the aggregated functional level, not at the fund or fund type level. The budget may be amended during the year utilizing similar statutorily prescribed procedures. Over the course of the year, Osceola County amended its budget four times. The dates of the budget amendments, the amounts increased and the reasoning for the increases are follows:

<u>Budget Amendment Date</u>	<u>Amounts Increased</u>	<u>Reasoning for Increases</u>
August 14, 2007	Expenditures = \$404,500	Expenditures = Veteran Affairs grant costs, Osceola Electric Coop contribution, school contribution and paving project
January 8, 2008	Revenues = \$4,500 Other Financing Sources = \$509,000 Expenditures = \$529,650	Revenues = Miscellaneous income Other Financing Sources = Loans for property purchases Expenditures = County attorney incentive costs, flex spending loan, vacation costs, used copier, property purchases and cost advisory services
March 4, 2008	Revenues = \$115,776 Expenditures = \$132,190	Revenues = Mental health grants, election reimbursements and miscellaneous income Expenditures = Mental health costs, land purchases, special elections, flex spending loan, court and service of civil papers
May 13, 2008	Expenditures = \$18,431	Expenditures = Inmate costs and gun purchases

The County ended up exceeding its budgeted revenues by \$286,052, coming in below its budgeted disbursements by \$389,649 and exceeding its other financing sources by \$3,944. The actual ending cash basis balance was \$1,019,868 higher than budgeted.

## Capital Assets and Debt Administration

### Capital Assets

Osceola County concluded fiscal year 2008 with \$12,475,145 invested in a broad range of capital assets. The Public Safety Commission concluded fiscal year 2008 with \$404,552 invested in a broad range of capital assets. The capital assets include public safety/secondary roads/conservation equipment, buildings, land, roads and bridges. See Note to the Financial Statements (5) for more information about the County's and Public Safety Commission's capital assets.

### Capital Assets at Year End

	Governmental Activities		Public Safety Commission	
	June 30, 2008	June 30, 2007	June 30, 2008	June 30, 2007
Land	\$ 1,507,156	1,107,785	\$ 0	0
Construction in Progress	396,440	595,220	0	0
Buildings and Improvements	954,378	808,528	0	0
Machinery, Equipment and Vehicles	4,838,814	4,747,625	404,552	426,484
Infrastructure	4,778,357	2,343,443	0	0
Total	<u>\$ 12,475,145</u>	<u>9,602,601</u>	<u>\$ 404,552</u>	<u>426,484</u>

This fiscal year's major additions for the County's governmental activities included a mainframe computer system, mower, tractor with loader, 41 acres of property for economic development, "Hawkeye Point" property, disc mower, motorgrader, two pickups, salt bunker and roadway infrastructure. The Public Safety Commission purchased a patrol car and disposed of two patrol cars during the fiscal year.

The County's governmental activities had depreciation expense of \$275,582 in fiscal year 2008 and total accumulated depreciation of \$2,845,992 on June 30, 2008. The Public Safety Commission had depreciation expense of \$34,854 in fiscal year 2008 and total accumulated depreciation of \$196,075 on June 30, 2008.

### Long-Term Debt

At June 30, 2008, the County had the following debt issuances outstanding:

	Urban Renewal Revenue Capital Loan Notes	OCEDC General Obligation Loan	Osceola Electric Coop General Obligation Loan
July 1, 2007	\$ 2,560,000	\$ 0	\$ 0
Proceeds (FY 2008)	0	140,000	369,000
Principal Payments (FY 2008)	( 195,000)	( 1,018)	0
June 30, 2008	<u>\$ 2,365,000</u>	<u>\$ 138,982</u>	<u>\$ 369,000</u>

The urban renewal revenue capital loan notes were issued for the purpose of paying the costs of aiding in the planning, undertaking and carrying out of an urban renewal project, including road improvements, traffic and rail control devices and a grant to Otter Creek Ethanol, LLC, in the Osceola County Urban Renewal District 1 Plan Area. The notes are payable solely from the income and proceeds of the Special Revenue, Urban Renewal District 1 Plan Area Revenue Fund and the taxes paid into the fund in accordance with Chapter 403.19 of the Code of Iowa.

During fiscal year 2008, the County entered into a loan agreement with the Osceola County Economic Development Commission for \$140,000. This loan was used to purchase real estate known as "Hawkeye Point". This loan is being repaid through the General Fund.

During fiscal year 2008, the County also entered into a loan agreement with the Osceola Electric Cooperative, Inc. (Rural Economic Development Loan and Grant Program) for \$369,000. This loan was used to assist in the purchase of 41 acres of land near Highways 9 and 60. This land was purchased for economic development purposes. This loan is being repaid through the General Fund.

The Constitution of the State of Iowa limits the amount of debt counties can issue to 5 percent of the assessed value of all taxable property within the County's corporate limits (this figure is 100% valuation less military exemptions). Osceola County's outstanding debt is significantly below its constitutional debt limit of approximately \$19 million. Additional information about the County's long-term debt, including information on the urban renewal revenue capital loan notes and general obligation loans provisions, is presented in Note to the Financial Statements (8).

### **Economic Factors and Next Year's Budgets and Rates**

Osceola County's elected and appointed officials and citizens considered many factors when setting the fiscal year 2009 budget, tax rates and the fees for various County activities. Factors include the economy, state funding levels and property valuations for fiscal year 2009. Unemployment in Osceola County is 3.4%. This compares with the state unemployment rate of 4.0% and a national rate of 5.0%. Inflation in the State of Iowa continues to be, as it has in the past, somewhat lower than the national Consumer Price Index increase.

These indicators were taken into account when adopting the County's budget for fiscal year 2009. The fiscal year 2008 actual figures, the final adopted budget for fiscal year 2008, and the original adopted budget for fiscal year 2009 for receipts and disbursements are as follows:

	Fiscal Year 2008 Actual	Fiscal Year 2008 Final Amended Budget	Fiscal Year 2009 Original Adopted Budget
<b>Receipts:</b>			
Property and Other County Tax	\$ 2,693,658	\$ 2,707,387	\$ 2,771,361
Interest and Penalty on Property Tax	15,824	0	0
Intergovernmental	2,519,194	2,424,791	2,718,090
Licenses and Permits	20,778	9,050	10,100
Charges for Service	297,520	173,640	204,280
Use of Money and Property	201,416	175,263	170,252
Miscellaneous	79,603	51,810	31,063
Total Receipts	<u>\$ 5,827,993</u>	<u>\$ 5,541,941</u>	<u>\$ 5,905,146</u>
<b>Disbursements</b>			
Public Safety and Legal Services	\$ 982,864	\$ 1,038,011	\$ 1,029,412
Physical Health and Social Services	145,336	167,760	163,350
Mental Health	725,766	728,350	630,750
County Environment and Education	402,346	412,940	421,953
Roads and Transportation	2,174,829	2,170,000	2,276,171
Governmental Services to Residents	222,559	247,655	243,924
Administration	689,746	743,492	755,711
Debt Service	306,912	303,800	303,800
Capital Projects	1,106,001	1,334,000	920,000
Total Disbursements	<u>\$ 6,756,359</u>	<u>\$ 7,146,008</u>	<u>\$ 6,745,071</u>

The property taxation by type and tax rates per \$1,000 taxable valuation for fiscal year 2008 and 2009 are as follows:

Property Taxation by Type

	<u>Fiscal Year 2008</u>	<u>Fiscal Year 2009</u>
Countywide Levies	\$ 1,589,059	\$ 1,640,712
Rural Only Levies	\$ 827,492	\$ 857,654
TIF Tax Revenues	\$ 320,185	\$ 320,185
Utility Replacement Excise Tax	\$ 130,087	\$ 107,258

Tax Rates per \$1,000 Taxable Valuation

	<u>Fiscal Year 2008</u>	<u>Fiscal Year 2009</u>
Urban Areas	5.58267	5.58877
Rural Areas	9.30848	9.41597

The Public Safety Commission's budget for fiscal year 2009 was adopted with revenues at \$946,945 compares to fiscal year 2008 budgeted revenues of \$894,505 (fiscal year 2008 actual receipts were \$901,680). Fiscal year 2009 adopted disbursements were \$911,925. This compares to fiscal year 2008 budgeted disbursements of \$947,000 (fiscal year 2008 actual disbursements were \$926,624).

**Contacting the County's Financial Management**

This financial report is designed to provide our citizens, taxpayers, customers and creditors with a general overview of Osceola County's finances and to show the County's accountability for the money it receives. If you have questions about this report or need additional financial information, contact the Osceola County Auditor's office, 300 7<sup>th</sup> Street, Sibley, Iowa 51249 (phone number: 712-754-2241).

Sources:      Unemployment: <http://www.iowaworkforce.org>  
                 Consumer Price index (Bureau of Labor Statistics): <http://www.bls.gov>

**Osceola County**  
**Basic Financial Statements**

Osceola County  
Statement of Net Assets

June 30, 2008

	Primary Government Governmental Activities	Component Unit Public Safety Commission
<b>Assets</b>		
Cash and Pooled Investments	\$ 2,607,631	\$ 231,870
Receivables:		
Property Tax:		
Delinquent	8,644	0
Succeeding Year	2,441,725	0
Tax Increment Financing:		
Succeeding Year	349,325	0
Interest and Penalty on Property Tax	12,621	0
Accounts	2,584	102
Accrued Interest	31,859	0
Due from Primary Government	0	10,174
Due from County's Agency Funds	164,118	136
Due from Other Governments	153,175	5,202
Inventories	282,232	0
Prepaid Insurance	29,967	9,279
Capital Assets (Net of Accumulated Depreciation)	9,629,153	208,477
<b>Total Assets</b>	<b>15,713,034</b>	<b>465,240</b>
<b>Liabilities</b>		
Accounts Payable	194,650	5,930
Salaries and Benefits Payable	33,984	3,314
Compensated Absences	0	2,659
Due to Component Unit	10,174	0
Due to Other Governments	103,110	0
Accrued Interest Payable	8,261	0
Deferred Revenue:		
Succeeding Year Property Tax	2,441,725	0
Succeeding Year Tax Increment Financing	349,325	0

**Exhibit A (Continued)**

## Osceola County

## Statement of Net Assets

June 30, 2008

	Primary Government Governmental Activities	Component Unit Public Safety Commission
<b>Liabilities (Continued)</b>		
Long-Term Liabilities:		
Portion Due or Payable Within One Year:		
Compensated Absences	69,071	41,250
Urban Renewal Revenue Capital Loan Notes	195,000	0
OCEDC General Obligation Loan	2,880	0
Osceola Electric Coop. General Obligation Loan	36,900	0
Portion Due or Payable After One Year:		
Urban Renewal Revenue Capital Loan Notes	2,170,000	0
OCEDC General Obligation Loan	136,102	0
Osceola Electric Coop. General Obligation Loan	332,100	0
<b>Total Liabilities</b>	<b>6,083,282</b>	<b>53,153</b>
<b>Net Assets</b>		
Invested in Capital Assets, Net of Related Debt	9,135,413	208,477
Restricted for:		
Supplemental Levy Purposes	188,647	0
Resource Enhancement and Protection Purposes	98,405	0
Jail Improvements/Courthouse Security	103,018	0
Mental Health Purposes	( 80,462)	0
Rural Services Purposes	212,574	0
Secondary Roads Purposes	1,149,754	0
Urban Renewal District 1 Plan Area Purposes	( 2,189,859)	0
Other Purposes	257,728	0
Unrestricted	754,534	203,610
<b>Total Net Assets</b>	<b>\$ 9,629,752</b>	<b>\$ 412,087</b>

See notes to financial statements.



Osceola County  
Statement of Activities  
Year Ended June 30, 2008

		Program Revenues		
		Charges for	Operating Grants, Contributions and Restricted Interest	Capital Grants Contributions and Restricted Interest
	Expenses	Services		
<b>Functions/Programs:</b>				
<b>Primary Government:</b>				
Governmental Activities:				
Public Safety and Legal Services	\$ 1,004,221	196,329	32,242	0
Physical Health and Social Services	143,070	1,360	6,650	0
Mental Health	794,948	4,054	412,848	0
County Environment and Education	403,469	19,713	20,556	17,300
Roads and Transportation	2,254,129	32,075	1,806,396	1,716,833
Governmental Services to Residents	237,711	161,980	581	0
Administration	689,084	9,489	1,589	0
Interest on Long-Term Debt	110,213	0	0	0
Capital Projects	84,981	0	0	0
Total Primary Government	\$ 5,721,826	425,000	2,280,862	1,734,133
<b>Component Unit:</b>				
Public Safety Commission	\$ 942,437	890,211	12,929	0
<b>General Revenues:</b>				
Property and Other County Tax Levied for:				
General Purposes				
Unified Law				
Tax Increment Financing				
Penalty and Interest on Property Tax				
State Tax Credits				
Grants and Contributions Not Restricted to Specific Purpose				
Unrestricted Investment Earnings				
Rents				
Drainage Assessments				
Miscellaneous				
Total General Revenues				
Change in Net Assets				
Net Assets Beginning of Year				
Net Assets End of Year				

See notes to financial statements.

# Exhibit B

Net (Expense) Revenue and Changes in Net Assets	
Primary Government	Component Unit
Governmental Activities	Public Safety Commission
( 775,650)	0
( 135,060)	0
( 378,046)	0
( 345,900)	0
1,301,175	0
( 75,150)	0
( 678,006)	0
( 110,213)	0
( 84,981)	0
( 1,281,831)	0
0	( 39,297)
2,114,462	0
256,209	0
323,713	0
18,198	0
154,407	0
16,013	0
160,044	0
26,363	0
2,947	0
5,045	0
3,077,401	0
1,795,570	( 39,297)
7,834,182	451,384
\$ 9,629,752	\$ 412,087

Exhibit C

Osceola County

Balance Sheet  
Governmental Funds

June 30, 2008

	Special Revenue						
	Mental Health			Rural Services		Secondary Roads	
	General	Health					
<b>Assets</b>							
Cash and Pooled Investments	\$ 1,036,538	61,033	210,515	853,457	125	445,963	2,607,631
Receivables:							
Property Tax:							
Delinquent	4,937	632	2,059	0	0	1,016	8,644
Succeeding Year	1,417,468	181,549	564,310	0	0	278,398	2,441,725
Tax Increment Financing:							
Succeeding Year	0	0	0	0	349,325	0	349,325
Interest and Penalty on Property Tax	12,621	0	0	0	0	0	12,621
Accounts	248	0	0	2,336	0	0	2,584
Accrued Interest	31,298	0	0	0	50	511	31,859
Due from Other Governmental Funds	0	0	0	6,596	0	0	6,596
Due from Agency Funds	164,118	0	0	0	0	0	164,118
Due from Other Governments	6,275	0	0	143,256	0	3,644	153,175
Inventories	0	0	0	282,232	0	0	282,232
Prepaid Insurance	17,869	0	0	12,098	0	0	29,967
<b>Total Assets</b>	<b>\$ 2,691,372</b>	<b>243,214</b>	<b>776,884</b>	<b>1,299,975</b>	<b>349,500</b>	<b>729,532</b>	<b>6,090,477</b>

# **Liabilities and Fund Balances**

## Liabilities:

Accounts Payable	\$ 68,677	44,387	0	80,229	0	1,357	194,650
Salaries and Benefits Payable	9,031	0	0	24,953	0	0	33,984
Due to Other Governmental Funds	6,596	0	0	0	0	0	6,596
Due to Component Unit	1,870	0	0	0	0	7,288	9,158
Due to Other Governments	2,320	97,740	0	2,532	0	518	103,110
Deferred Revenue:							
Succeeding Year Property Tax	1,417,468	181,549	564,310	0	0	278,398	2,441,725
Succeeding Year Tax Increment Financing	0	0	0	0	349,325	0	349,325
Other	187,483	628	2,059	0	0	1,016	191,186
Total Liabilities	1,693,445	324,304	566,369	107,714	349,325	288,577	3,329,734

## Fund Balances:

### Reserved for:

Supplemental Levy Purposes	187,211	0	0	0	0	0	187,211
Resource Enhancement and Protection	98,405	0	0	0	0	0	98,405
Jail Improvements/Courthouse Security	43,539	0	0	0	0	0	43,539
Unreserved:							

### Undesignated, Reported In:

General Fund	668,772	0	0	0	0	0	668,772
Special Revenue Funds	0	( 81,090)	210,515	1,192,261	175	440,955	1,762,816
Total Fund Balances	997,927	( 81,090)	210,515	1,192,261	175	440,955	2,760,743

## **Total Liabilities and Fund Balances**

\$ 2,691,372	243,214	776,884	1,299,975	349,500	729,532	6,090,477
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See notes to financial statements.

## Osceola County

Reconciliation of the Balance Sheet –  
Governmental Funds to the Statement of Net Assets

June 30, 2008

<b>Total Governmental Fund Balances (pages 21-22)</b>	\$ 2,760,743
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*Amounts reported for governmental activities in the Statement of Net Assets are different because:*

Capital assets used in governmental activities are not current financial resources and, therefore, are not reported in the governmental funds. The cost of assets is \$12,475,145 and the accumulated depreciation is \$2,845,992.	9,629,153
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Other long-term assets are not available to pay current period expenditures and, therefore, are deferred in the governmental funds.	191,186
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Long-term liabilities, which include the due to component unit (the deferred revenue portion of the unified law levy), accrued interest payable, compensated absences payable, urban renewal revenue capital loan notes and general obligation loans, are not due and payable in the current period and, therefore, are not reported in the governmental funds.	( 2,951,330)
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<b>Net Assets of Governmental Activities (pages 17-18)</b>	<u><u>\$ 9,629,752</u></u>
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See notes to financial statements.

## Osceola County

Statement of Revenues, Expenditures and  
Changes in Fund Balances  
Governmental Funds

Year Ended June 30, 2008

	Special Revenue							Total
	General	Mental Health	Rural Services	Secondary Roads	Urban		Nonmajor Special	
					Urban Renewal District 1 Plan Area Revenue	Urban Renewal District 1 Principal and Interest Sinking		
Revenues:								
Property and Other County Tax	\$1,372,627	181,633	559,543	0	0	0	256,050	2,369,853
Tax Increment Financing	0	0	0	0	323,713	0	0	323,713
Interest and Penalty on Property Tax	15,725	0	0	0	0	0	0	15,725
Intergovernmental	196,098	443,936	35,280	1,789,407	0	0	24,060	2,488,781
Licenses and Permits	145	0	450	20,378	0	0	0	20,973
Charges for Service	252,224	4,054	0	59	0	0	2,104	258,441
Use of Money and Property	169,287	0	0	4,347	3,706	0	19,819	197,159
Miscellaneous	18,952	0	0	40,599	0	0	30,225	89,776
Total Revenues	2,025,058	629,623	595,273	1,854,790	327,419	0	332,258	5,764,421

## Expenditures:

## Operating:

Public Safety and Legal Services	714,176	0	0	0	0	0	0	275,625	989,801
Physical Health and Social Services	143,070	0	0	0	0	0	0	0	143,070
Mental Health	0	792,245	0	0	0	0	0	0	792,245
County Environment and Education	389,032	0	45,685	0	0	0	0	0	434,717
Roads and Transportation	0	0	0	2,335,424	0	0	0	0	2,335,424
Governmental Services to Residents	222,734	0	0	0	0	0	0	0	222,734

Administration	706,932	0	0	0	0	0	0	706,932
Debt Service	3,113	0	0	0	0	303,800	0	306,913
Capital Projects	511,974	0	0	586,921	0	0	16,662	1,115,557
Total Expenditures	2,691,031	792,245	45,685	2,922,345	0	303,800	292,287	7,047,393
Excess (Deficiency) of Revenues Over (Under ) Expenditures	( 665,973)	( 162,622)	549,588	( 1,067,555)	327,419	( 303,800)	39,971	( 1,282,972)
Other Financing Sources (Uses):								
Sale of Capital Assets	0	0	0	64,944	0	0	0	64,944
Operating Transfers In	1	0	0	575,202	0	303,800	24,693	903,696
Operating Transfers Out	0	0	( 575,202)	0	( 328,493)	0	( 1)	( 903,696)
OCEDC General Obligation Loan Proceeds	140,000	0	0	0	0	0	0	140,000
Osceola Electric Coop. General Obligation Loan Proceeds	369,000	0	0	0	0	0	0	369,000
Total Other Financing Sources (Uses)	509,001	0	( 575,202)	640,146	( 328,493)	303,800	24,692	573,944
Net Change in Fund Balances	( 156,972)	( 162,622)	( 25,614)	( 427,409)	( 1,074)	0	64,663	( 709,028)
Fund Balances Beginning of Year	1,154,899	81,532	236,129	1,619,670	1,249	0	376,292	3,469,771
Fund Balances End of Year	\$ 997,927	( 81,090)	210,515	1,192,261	175	0	440,955	2,760,743

See notes to financial statements.

## Osceola County

Reconciliation of the Statement of Revenues, Expenditures and  
Changes in Fund Balances –  
Governmental Funds to the Statement  
of Activities

Year Ended June 30, 2008

**Net Change in Fund Balances - Total Governmental Funds (pages 24-25)** \$( 709,028)

*Amounts reported for governmental activities in the Statement of Activities are different because:*

Governmental funds report capital outlays as expenditures while governmental activities report depreciation expense to allocate those expenditures over the life of the assets. Capital outlay expenditures and contributed capital assets exceeded depreciation expense in the current year as follows:

Expenditures for capital assets	\$ 1,431,002	
Capital assets contributed by the Iowa Department of Transportation	1,704,809	
Capital assets contributed by individuals	17,300	
Depreciation expense	<u>( 275,582)</u>	2,877,529

In the Statement of Activities, the loss on the disposition of capital assets is reported, whereas the governmental funds report the proceeds from the disposition of capital assets as an increase in financial resources.

( 89,463)

Because some revenues will not be collected for several months after the County's year end, they are not considered available revenues and are deferred in the governmental funds as follows:

Property tax	817	
Other	<u>30,052</u>	30,869

Proceeds from issuing long-term liabilities provide current financial resources to governmental funds, but issuing debt increases long-term liabilities in the Statement of Net Assets. Repayment of long-term liabilities is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the Statement of Net Assets. Current year issues exceeded repayments as follows:

Issued	( 509,000)	
Repaid	<u>196,018</u>	( 312,982)

Some expenses reported in the Statement of Activities do not require the use of current financial resources and, therefore, are not reported as expenditures in the governmental funds, as follows:

Compensated absences	( 1,876)	
Interest on long-term debt	681	
Unified law levy (Paid to the Public Safety Commission)	<u>( 160)</u>	( 1,355)

**Change in Net Assets of Governmental Activities (page 19-20)** \$ 1,795,570

See notes to financial statements.



Osceola County  
Statement of Fiduciary Assets and Liabilities  
Agency Funds

June 30, 2008

**Assets**

Cash and Pooled Investments:	
County Treasurer	\$ 565,766
Other County Officials	63,746
Receivables:	
Property Tax:	
Delinquent	19,318
Succeeding Year	6,012,974
Tax Increment Financing:	
Succeeding Year	4,092
Accounts	109,331
Trusts	1,616
Accrued Interest	302
Due from Other Governments	18,415
Prepaid Expenses	3,570
<b>Total Assets</b>	<u>6,799,130</u>

**Liabilities**

Accounts Payable	230
Due to Primary Government	164,118
Due to Component Unit	136
Due to Other Governments	6,603,648
Trusts Payable	21,734
Compensated Absences	9,264
<b>Total Liabilities</b>	<u>6,799,130</u>

<b>Net Assets</b>	<u><u>\$ 0</u></u>
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See notes to financial statements.

## Osceola County

### Notes to Financial Statements

June 30, 2008

#### (1) Summary of Significant Accounting Policies

Osceola County is a political subdivision of the State of Iowa and operates under the Home Rule provisions of the Constitution of Iowa. The County operates under the Board of Supervisors form of government. Elections are on a partisan basis. Other elected officials operate independently with the Board of Supervisors. These officials are the Auditor, Treasurer, Recorder, Sheriff, and Attorney. Appointed/hired officials that assist the Board of Supervisors include the Conservation Director and Engineer. Osceola County contracts with Lyon County for the Central Point Coordinator position. The County provides numerous services to citizens, including law enforcement (in conjunction with the Public Safety Commission), health and social services, parks and cultural activities, planning and zoning, roadway construction and maintenance, and general administrative services.

The County's financial statements are prepared in conformity with U.S. generally accepted accounting principles as prescribed by the Governmental Accounting Standards Board.

##### A. Reporting Entity

For financial reporting purposes, Osceola County has included all funds, organizations, agencies, boards, commissions and authorities. The County has also considered all potential component units for which it is financially accountable and other organizations for which the nature and significance of their relationship with the County are such that exclusion would cause the County's financial statements to be misleading or incomplete. The Governmental Accounting Standards Board has set forth criteria to be considered in determining financial accountability. These criteria include appointing a voting majority of an organization's governing body and (1) the ability of the County to impose its will on that organization or (2) the potential for the organization to provide specific benefits to or impose specific financial burdens on the County. Criteria also can include an organization's fiscal dependency on the County or if it would be significantly misleading to exclude an organization because of its relationship with the County.

These financial statements present Osceola County (the primary government) and its component units. The component units discussed below are included in the County's reporting entity because of the significance of their operational or financial relationships with the County.

Blended Component Units – The following component units are entities which are legally separate from the County, but are so intertwined with the County that they are, in substance, the same as the County. They are reported as part of the County and blended into the appropriate funds.

Fifty-one drainage districts have been established pursuant to Chapter 468 of the Code of Iowa for the drainage of surface waters from agricultural and other lands or the protection of such lands from overflow. Although these districts are legally separate

from the County, they are controlled, managed and supervised by the Osceola County Board of Supervisors. The drainage districts are reported as a Special Revenue Fund. Financial information of the individual drainage districts can be obtained from the Osceola County Auditor's office.

Discretely Presented Component Unit – The Public Safety Commission is presented in a separate column to emphasize that it is legally separate from the County, but is financially accountable to the County, or whose relationship with the County is such that exclusion would cause the County's financial statements to be misleading or incomplete. The Public Safety Commission helps to provide law enforcement for Osceola County. Osceola County approves the Public Safety Commission's tax rates and levies a tax on behalf of the Commission. Osceola County collected and expended \$272,194 (\$269,710 on the cash basis) to the Public Safety Commission for the unified law levy for the fiscal year. Osceola County's expenditure for its contribution for contract law enforcement to the Public Safety Commission was \$234,000 for the fiscal year. In addition, the County provided the Public Safety Commission with bookkeeping and payroll services (which, in exchange for providing these services, the County gets to keep all investment income earned on Public Safety Commission funds). The financial statements for the Public Safety Commission are presented in this audit report as a discretely presented component unit and more detailed financial information is reported as other supplementary information in the schedules.

Jointly Governed Organizations – The County also participates in several jointly governed organizations that provide goods or services to the citizenry of the County but do not meet the criteria of a joint venture since there is no ongoing financial interest or responsibility by the participating governments. The County Board of Supervisors are members of or appoint representatives to the following boards and commissions: Osceola County Assessor's Conference Board, Osceola County Emergency Management Commission, Osceola County Joint E911 Service Board, the Northwest Iowa Area Solid Waste Agency, the Hazardous Material Response Commission (Region III), the Northwest Iowa Contracting Consortium and the Northwest Iowa Regional Housing Authority. Financial transactions of these organizations are included in the County's financial statements only to the extent of the County's fiduciary relationship with the organization and, as such, are reported in an Agency Fund of the County, except for the Northwest Iowa Area Solid Waste Agency, the Hazardous Material Response Commission (Region III), the Northwest Iowa Contracting Consortium and the Northwest Iowa Regional Housing Authority, which are not included at all in the County's financial statements. During the year ended June 30, 2008, the County did not contribute any money to the County Assessor, E911, the Northwest Iowa Area Solid Waste Agency, the Hazardous Material Response Commission, the Northwest Iowa Contracting Consortium and the Northwest Iowa Regional Housing Authority; while the County expended \$30,000 in support for the Emergency Management Services. In addition, the County provided the County Assessor, Emergency Management and E911 with bookkeeping and payroll services (which, in exchange for providing these services, the County gets to keep all investment income earned on County Assessor and Emergency Management funds).

Joint Venture – The County is a participant with the cities in Osceola County in a joint venture to manage the Osceola County Economic Development Commission, a

Chapter 28E Organization. The Commission is governed by a six-member board composed of one representative from each governmental entity. The purpose of the Commission is to develop new economic opportunities in Osceola County. The County has an ongoing financial responsibility to provide funding to the Commission for the Commission's continued existence. During the year ended June 30, 2008, the amount of money expended by the County for the Commission amounted to \$46,800 in support and \$460 to reimburse the Commission for a binder. Financial information on the Commission is not included with the County's financial statements. Financial statements for the Commission may be obtained from the Commission's office in the Osceola County Courthouse in Sibley, Iowa.

## B. Basis of Presentation

Government-Wide Financial Statements – The Statement of Net Assets and the Statement of Activities report information on all of the nonfiduciary activities of the County and its component unit. For the most part, the effect of interfund activity has been removed from these statements. Governmental activities are supported by property tax, intergovernmental revenues and other nonexchange transactions.

The Statement of Net Assets presents the County's nonfiduciary assets and liabilities, with the difference reported as net assets. Net assets are reported in three categories.

*Invested in capital assets, net of related debt* consists of capital assets, net of accumulated depreciation and reduced by outstanding balances for bonds, notes and other debt attributable to the acquisition, construction or improvement of those assets.

*Restricted net assets* result when constraints placed on net asset use are either externally imposed or imposed by law through constitutional provisions or enabling legislation.

*Unrestricted net assets* consist of net assets not meeting the definition of the two preceding categories. Unrestricted net assets often have constraints on resources imposed by management which can be removed or modified.

The Statement of Activities demonstrates the degree to which the direct expenses of a given function are offset by program revenues. Direct expenses are those clearly identifiable with a specific function. Program revenues include 1) charges to customers or applicants who purchase, use or directly benefit from goods, services or privileges provided by a given function and 2) grants, contributions and interest restricted to meeting the operational or capital requirements of a particular function. Property tax and other items not properly included among program revenues are reported instead as general revenues.

Fund Financial Statements – Separate financial statements are provided for governmental funds and fiduciary funds, even though the latter are excluded from the government-wide financial statements. Major individual governmental funds are reported as separate columns in the fund financial statements. All remaining governmental funds are aggregated and reported as nonmajor governmental funds.

The County reports the following major governmental funds:

The General Fund is the general operating fund of the County. All general tax revenues and other revenues not allocated by law or contractual agreement to some other fund are accounted for in this fund. From the fund are paid the general operating expenditures, the fixed charges and the capital improvement costs not paid from other funds.

Special Revenue:

The Mental Health Fund is used to account for property tax and other revenues designated to be used to fund mental health, mental retardation, and developmental disabilities services.

The Rural Services Fund is used to account for property tax and other revenues to provide services which are primarily intended to benefit those persons residing in the county outside of incorporated city areas.

The Secondary Roads Fund is used to account for secondary road construction and maintenance.

The Urban Renewal District 1 Plan Area Revenue Fund is used to account for the collection of tax increment financing. The tax increment financing proceeds are being collected for the County's urban renewal revenue capital loan notes debt service requirements.

The Urban Renewal District 1 Principal and Interest Sinking Fund is used to account for payments of principal and interest on the County's urban renewal revenue capital loan notes.

Additionally, the County reports the following funds:

Fiduciary Funds – Agency Funds are used to account for assets held by the County as an agent for individuals, private organizations, certain jointly governed organizations, other governmental units and/or other funds.

Separate financial statements for the discretely present component unit – Public Safety Commission are included as part of the other supplementary information in the schedules.

C. Measurement Focus and Basis of Accounting

The government-wide and fiduciary fund financial statements are reported using the economic resources measurement focus and the accrual basis of accounting. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Property tax is recognized as revenue in the year for which it is levied. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been satisfied.

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. The

separate financial statements for the discretely present component unit – Public Safety Commission in the schedules are also reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the County and Public Safety Commission consider revenues to be available if they are collected within 60 days after year end.

Property tax, intergovernmental revenues (shared revenues, grants and reimbursements from other governments), charges for services, interest and certain miscellaneous revenues associated with the current fiscal year are considered to be susceptible to accrual. All other revenue items are considered to be measurable and available only when cash is received by the County and the Public Safety Commission.

Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, principal and interest on long-term debt, any claims and judgments, and compensated absences are recorded as expenditures only when payment is due. Capital asset acquisitions are reported as expenditures in governmental funds. Proceeds of general long-term debt and any acquisitions under capital leases are reported as other financing sources.

Under the terms of grant agreements, the County funds certain programs by a combination of specific cost-reimbursement grants, categorical block grants and general revenues. Thus, when program expenses are incurred, there are both restricted and unrestricted net assets available to finance the program. It is the County's policy to first apply cost-reimbursements grant resources to such programs, followed by categorical block grants and then by general revenues. The Public Safety Commission also follows this policy for grants.

The County, as well as the Public Safety Commission, maintains its financial records on the cash basis. The financial statements of the County, including the Public Safety Commission, are prepared by making memorandum adjusting entries to the cash basis financial records.

#### D. Assets, Liabilities and Fund Equity

The following accounting policies are followed in preparing the financial statements:

Cash, Pooled Investments and Cash Equivalents – The cash balances of most County and Public Safety Commission funds are pooled and invested. Interest earned on investments, including Public Safety Commission interest earnings per an agreement between the County and the Commission, is recorded in the General Fund, unless otherwise provided by law or agreement. Investments are stated at fair value except for the investment in the Iowa Public Agency Investment Trust which is valued at amortized cost and non-negotiable certificates of deposit and drainage district warrants which are stated at cost.

Property Tax and Tax Increment Financing Receivables – Property tax and tax increment financing in governmental funds is accounted for using the modified accrual basis of accounting.

Property tax and tax increment financing receivables are recognized in these funds on the levy or lien date, which is the date the tax asking is certified by the County Board of Supervisors. Delinquent property tax receivable represents unpaid taxes for the current and prior years. The succeeding year property tax and tax increment financing receivables represent taxes certified by the Board of Supervisors to be collected in the next fiscal year for the purposes set out in the budget for the next fiscal year. By statute, the Board of Supervisors is required to certify its budget in March of each year for the subsequent fiscal year. However, by statute, the tax asking and budget certification for the following fiscal year becomes effective on the first day of that year. Although the succeeding year property tax and tax increment financing receivables have been recorded, the related revenues are deferred in both the government-wide and fund financial statements and will not be recognized as revenues until the year for which each is levied.

Property tax and tax increment financing revenues recognized in these funds become due and collectible in September and March of the fiscal year with a 1½% per month penalty for delinquent payments; are based on January 1, 2006 assessed property valuations; are for the tax accrual period July 1, 2007 through June 30, 2008 and reflect the tax asking contained in the budget certified by the County Board of Supervisors in March 2007.

Interest and Penalty on Property Tax Receivable – Interest and penalty on property tax receivable represents the amount of interest and penalty that was due and payable but has not been collected.

Accounts Receivable – Accounts receivable represents money owed to the County and Public Safety Commission, mainly for services provided by the County and the Public Safety Commission, which was not paid as of June 30, 2008. The accounts receivable in the County Offices Funds (Agency Funds) total includes \$46,669 in jail fees receivables and \$51,892 in ambulance charges receivables. These jail fees and ambulance charges receivables are owed by the County Offices Fund to the County's General Fund. It is possible that a large portion of these jail fees and ambulance charges receivables may not be collected within one year.

Due from Primary Government, Due from County's Agency Funds, Due from Other Governmental Funds, Due to Component Unit, Due to Other Governmental Funds and Due to Primary Government – During the course of its normal operations, the County has numerous transactions between the County's governmental funds, agency funds and the Public Safety Commission. The General Fund also loaned money to the Flex Spending Fund during the fiscal year. To the extent that certain transactions/loans between the County's governmental funds, agency funds and the Public Safety Commission had not been paid or received as of June 30, 2008, balances of interfund amounts receivable or payable have been recorded in the financial statements.

Due from Other Governments – Due from other governments represents amounts due from the State of Iowa, various shared revenues, grants and reimbursements from other governments.

Inventories – Inventories are valued at cost using the first-in, first-out method. Inventories in the Secondary Roads Fund consist mainly of expendable supplies held for consumption and some supplies available for resale. Inventories of the Secondary Roads Fund are recorded as expenses/expenditures when consumed or sold rather than when purchased.

Prepaid Insurance/Expenses – Prepaid insurance/expenses represents insurance coverages and other expenses which will benefit a future fiscal year. Prepayments are recorded as expenses/expenditures when utilized rather than when paid for.

Capital Assets – Capital assets, which include property, equipment and vehicles, and infrastructure assets (e.g., roads, bridges, drainage systems and similar items which are immovable and of value only to the County), are reported in the governmental activities and component unit – Public Safety Commission columns in the government-wide Statement of Net Assets. Only costs related to infrastructure assets that are finished on or after July 1, 2004 are reported. Infrastructure assets finished on or before June 30, 2003 are not reported. Capital assets are recorded at historical cost if purchased or constructed. Donated capital assets are recorded at estimated fair market value at the date of donation. The costs of normal maintenance and repair that do not add to the value of the asset or materially extend asset lives are not capitalized. Reportable capital assets are defined by the County and Public Safety Commission as assets with initial, individual costs in excess of the following thresholds and estimated useful lives in excess of two years.

Asset Class	Amount
Infrastructure	\$ 50,000
Land, Buildings and Improvements	5,000
Machinery, Equipment and Vehicles	5,000

Capital assets of the County and the Public Safety Commission are depreciated using the straight line method over the following estimated useful lives:

Asset Class	Estimated Useful lives (In Years)
Buildings and Improvements	25 – 50
Land Improvements	10 – 50
Infrastructure	10 – 65
Machinery and Equipment	3 – 20
Vehicles	5 – 15

Due to Other Governments – Due to other governments represents taxes and other revenues collected by the County and payments for services which will be remitted to other governments.



Trusts Payable – Trusts payable represents amounts due to others which are held by various County officials in fiduciary capacities until the underlying legal matters are resolved or other requirements are met.

Deferred Revenue – Although certain revenues are measurable, they are not available. Available means collected within the current period or expected to be collected soon enough thereafter to be used to pay liabilities of the current period. Deferred revenue in the governmental fund and the Public Safety Commission financial statements represents the amount of assets that have been recognized, but the related revenue has not been recognized since the assets are not collected within the current period or expected to be collected soon enough thereafter to be used to pay liabilities of the current period. Deferred revenue consists of property tax receivable and other receivables not collected within sixty days after year end.

Deferred revenue in the Statement of Net Assets consists of succeeding year property tax and tax increment financing receivables that will not be recognized as revenue until the year for which they are levied.

Compensated Absences – County and Public Safety Commission employees accumulate a limited amount of earned but unused vacation hours and compensatory time for subsequent use or for payment upon termination, death, or retirement. Sick pay is also accumulated on a limited basis by employees for subsequent use, but is not paid upon termination, death, or retirement. A liability for the cost of vacation and compensatory time termination accumulations is recorded when incurred in the government-wide and fiduciary fund financial statements. A liability for the cost of vacation and compensatory time termination accumulations is reported in governmental fund financial statements and the separate financial statements for the discretely presented component unit – Public Safety Commission in the schedules only for employees that have resigned, retired or employment has terminated for another reason. The compensated absences liability has been computed based on rates of pay in effect at June 30, 2008. The compensated absences liability attributable to the governmental activities of the County will be paid primarily by the General and Secondary Roads Funds.

Long-Term Liabilities – In the government-wide financial statements, long-term debt and any other long-term obligations are reported as liabilities in the applicable governmental activities and discretely presented component unit – Public Safety Commission Statement of Net Assets.

In the governmental fund financial statements, the face amount of debt issued is reported as other financing sources. Issuance costs, whether or not withheld from the actual debt proceeds received, are reported as debt service expenditures.

Fund Equity – In the governmental fund financial statements, reservations of fund balance are reported for amounts that are not available for appropriation or are legally restricted by outside parties for use for a specific purpose (including inmate room and board collections reserved for jail improvements/courthouse

security in accordance with Chapter 356.7 (5) of the Code of Iowa and REAP funds required to be maintained in accordance with Chapter 455 A.19 (1)(b)(6) of the Code of Iowa). Designations of fund balance, which there are none for the County, represent tentative management plans that are subject to change.

E. Budgets and Budgetary Accounting

The budgetary comparison and related disclosures are reported as Required Supplementary Information. During the year ended June 30, 2008, disbursements exceeded the amounts budgeted in the roads and transportation and debt service functions and disbursements in one department exceeded the amount appropriated before the departmental appropriation was properly amended. Also, one budget amendment was not published properly in accordance with the Code of Iowa. The published amended budget understated the increase in budgeted disbursements that was intended to be and was actually adopted.

**(2) Cash and Pooled Investments**

The County's deposits in banks at June 30, 2008 were entirely covered by federal depository insurance or by the State Sinking Fund in accordance with Chapter 12C of the Code of Iowa. This chapter provides for additional assessments against the depositories to insure there will be no loss of public funds.

The County is authorized by statute and its written investment policy to invest public funds in obligations of the United States government, its agencies and instrumentalities; certificates of deposit or other evidences of deposit at federally insured depository institutions approved by the Board of Supervisors; prime eligible bankers acceptances; certain high rated commercial paper; perfected repurchase agreements; certain registered open-end management investment companies; certain joint investment trusts; and warrants or improvement certificates of a drainage district.

The County had investments in the Iowa Public Agency Investment Trust, which are valued at an amortized cost of \$376,910 pursuant to Rule 2a-7 under the Investment Company Act of 1940.

The Public Safety Commission's deposits and investments are commingled with County funds held by the County Treasurer and satisfy all the same requirements as the County's deposits and investments.

Credit risk. The investment in the Iowa Public Agency Investment Trust is unrated.

**(3) Due from Primary Government, Due from County's Agency Funds, Due from Other Governmental Funds, Due to Component Unit, Due to Other Governmental Funds and Due to Primary Government**

The details of the receivables and payables between the County's governmental funds (primary government) and the discretely presented component unit – Public Safety Commission as of June 30, 2008 are as follows:

Component Unit	Payable Fund	Amount
<u>Statement of Net Assets (Accrual Basis):</u>		
Public Safety Commission	General Fund	\$ 1,870
	Special Revenue:	
	Unified Law Levy	8,304
	Total	<u>\$ 10,174</u>
<u>Balance Sheet (Modified Accrual Basis):</u>		
Public Safety Commission	General Fund	\$ 1,870
	Special Revenue:	
	Unified Law Levy	7,288
	Total	<u>\$ 9,158</u>

These balances result from the time lag between the dates a workers compensation refund and unified law levy proceeds are received, the transactions are recorded in the accounting system and the resulting payments are made to the Public Safety Commission.

The detail of receivables and payables between the County's different governmental funds, between agency funds and the County's governmental funds and between agency funds and the Public Safety Commission for transactions at June 30, 2008 is as follows:

Receivable Fund	Payable Fund	Amount
General	Agency:	
	County Offices (Recorder, Sheriff, Ambulance)	\$ 153,916
	Auto License and Use Tax	4,793
	Other (Flex Spending)	<u>5,409</u>
	Total	<u>\$ 164,118</u>
Special Revenue:		
Secondary Roads	General	<u>\$ 6,596</u>
Public Safety Commission	Agency:	
	County Offices (Sheriff)	<u>\$ 136</u>

These balances result from the time lag between the dates interfund goods and services are provided, a workers compensation refund proceeds was received, reimbursable expenditures/ expenses occur, and/or money is collected in an agency fund; the transactions/collections are recorded in the accounting system; and the resulting payments are made to the County's appropriate governmental fund or the Public Safety Commission. The \$5,409 owed to the General Fund by the Flex Spending Fund was for a short-term interfund loan that was not paid back by June 30, 2008.

#### (4) Interfund Transfers

The detail of interfund transfers for the year ended June 30, 2008 is as follows:

Transfer to	Transfer from	Amount
General	Special Revenue: County Government Assistance	\$ 1
Special Revenue: Secondary Roads	Special Revenue: Rural Services	575,202
Urban Renewal District 1 Principal and Interest Sinking	Urban Renewal District 1 Plan Area Revenue	303,800
Urban Renewal District 1 Revenue Reserve	Urban Renewal District 1 Principal and Interest Sinking	24,693
Total		<u>\$ 903,696</u>

Transfers generally move resources from the fund statutorily, or per the urban renewal revenue capital loan notes, required to collect the resources to the fund statutorily, or per the urban renewal revenue capital loan notes, required to expend the resources or to maintain a reserve for the debt service of the notes.

## (5) Capital Assets

Capital assets activity for the year ended June 30, 2008 was as follows:

	Balance Beginning of Year	Increases	Decreases	Balance End of Year
<b>County Governmental Activities:</b>				
Capital Assets Not Being Depreciated:				
Land	\$ 1,107,785	399,371	0	1,507,156
Construction in Progress	595,220	396,440 (	595,220)	396,440
Total Capital Assets Not Being Depreciated	1,703,005	795,811 (	595,220)	1,903,596
Capital Assets Being Depreciated:				
Buildings and Improvements	808,528	145,850	0	954,378
Machinery, Equipment and Vehicles	4,747,625	371,756 (	280,567)	4,838,814
Infrastructure	2,343,443	2,434,914	0	4,778,357
Total Capital Assets Being Depreciated	7,899,596	2,952,520 (	280,567)	10,571,549
Less Accumulated Depreciation For:				
Buildings and Improvements	371,745	25,899	0	397,644
Machinery, Equipment and Vehicles	2,265,266	183,893 (	191,104)	2,258,055
Infrastructure	124,503	65,790	0	190,293
Total Accumulated Depreciation	2,761,514	275,582 (	191,104)	2,845,992

Total Capital Assets Being Depreciated, Net	5,138,082	2,676,938	( 89,463)	7,725,557
Governmental Activities Capital Assets, Net	\$ 6,841,087	3,472,749	( 684,683)	9,629,153

Depreciation expense was charged to the following functions:

Governmental Activities:

Public Safety and Legal Services	\$ 12,582
Mental Health	2,704
County Environment and Education	15,217
Roads and Transportation	215,786
Governmental Services to Residents	14,648
Administration	14,645

Total Depreciation Expense – Governmental Activities	\$ 275,582
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	Balance Beginning of Year	Increases	Decreases	Balance End of Year
<b>Discretely Presented Component Unit –</b>				
<b>Public Safety Commission:</b>				
Capital Assets Depreciated:				
Machinery, Equipment and Vehicles	\$ 426,485	22,025	( 43,958)	404,552
Less Accumulated Depreciation For:				
Machinery, Equipment and Vehicles	187,506	34,854	( 26,285)	196,075
Public Safety Commission				
Capital Assets, Net	\$ 238,979	( 12,829)	( 17,673)	208,477

**(6) Due to Other Governments**

The County purchases services from other governmental units and also acts as a fee and tax collection agent for various governmental units. The Agency Fund collections also include accruals of property tax and other County tax (including TIF) for the succeeding year. Tax collections are remitted to those governments in the month following collection. A summary of amounts due to other governments is as follows:

Fund	Description	Amount
General	Utilities	\$ 2,320
Special Revenue:		
Mental Health	Services	97,740
Secondary Roads	Signs/Utilities	2,532
Drainage Districts	Services	518
		100,790
Total for Governmental Funds		\$ 103,110

Agency:		
County Offices (Recorder)	Collections	\$ 4,604
Agricultural Extension Education		88,270
County Assessor		92,580
County Assessor – Special Appraisers		210,026
Schools		4,403,388
Community Colleges		204,720
Corporations		1,158,349
Townships		126,236
Auto License and Use Tax		109,254
E911 Surcharge		177,633
Emergency Management		26,512
All Other		2,076
		<hr/>
Total for Agency Funds		<u>\$ 6,603,648</u>

**(7) Short-Term Loan**

In September 2007, the County entered into a short-term loan agreement with the Osceola County Economic Development Commission (OCEDC) to borrow \$36,000 at a 0% interest rate. This loan matured upon the County's receipt of long-term debt proceeds from the Osceola Electric Cooperative, Inc. The Osceola Electric Cooperative, Inc. loan proceeds were received by the County in December 2007 and the County paid back the \$36,000 loan balance in full in December 2007. This short-term loan was used for the down payment on a land purchase agreement.

**(8) Changes in Long-Term Liabilities**

A summary of changes in long-term liabilities for the year ended June 30, 2008 is as follows:

County	Compensated Absences	Urban Renewal Revenue Capital Loan Notes	OCEDC General Obligation Loan	Osceola Electric Coop. General Obligation Loan	Total
Balance Beginning of Year	\$ 67,195	2,560,000	0	0	2,627,195
Increases	75,159	0	140,000	369,000	584,159
Decreases	73,283	195,000	1,018	0	269,301
Balance End of Year	<u>\$ 69,071</u>	<u>2,365,000</u>	<u>138,982</u>	<u>369,000</u>	<u>2,942,053</u>
Due Within One Year	<u>\$ 69,071</u>	<u>195,000</u>	<u>2,880</u>	<u>36,900</u>	<u>303,851</u>
Component Unit-Public Safety Commission	Compensated Absences				
Balance Beginning of Year	\$ 58,473				
Additions	27,650				
Reductions	44,873				
Balance End of Year	<u>\$ 41,250</u>				
Due Within One Year	<u>\$ 41,250</u>				

## Urban Renewal Revenue Capital Loan Notes

The annual debt service requirements to maturity for the urban renewal revenue capital loan notes are as follows:

Year Ending June 30,	Interest Rates	Principal	Interest	Total
2009	4.25%	\$ 195,000	100,512	295,512
2010	*4.25%	195,000	92,226	287,226
2011	*4.25%	195,000	83,938	278,938
2012	*4.25%	195,000	75,650	270,650
2013	*4.25%	195,000	67,362	262,362
2014 – 2018	*4.25%	990,000	211,864	1,201,864
2019 – 2020	*4.25%	400,000	25,500	425,500
Total		<u>\$ 2,365,000</u>	<u>657,052</u>	<u>3,022,052</u>

During the year ended June 30, 2008, the County retired \$195,000 in urban renewal revenue capital loan notes and paid interest of \$108,800 on these notes. The \$303,800 in debt service requirement for these notes was recorded as an expenditure in the debt service function. These urban renewal revenue capital loan notes are being redeemed through the Urban Renewal District 1 Principal and Interest Sinking Fund.

Note \*: The interest rate for maturities starting in year ending June 30, 2010 shall be adjusted to 90 basis points above the rate published in the Wall Street Journal on Tuesday, July 7, 2009 for the annualized interest rate (weekly – average basis as reported by the Federal Reserve Board for the week previously ended) on the 5 – year Treasury Note.

The interest rate for maturities starting in year ending June 30, 2015 shall be adjusted to 90 basis points above the rate published in the Wall Street Journal on Tuesday, July 1, 2014 for the annualized interest rate (weekly – average basis as reported by the Federal Reserve Board for the week previously ended) on the 5 – year Treasury Note.

The interest rate for the maturities starting in year ending June 30, 2020 shall be adjusted to 90 basis points above the rate published in the Wall Street Journal on Tuesday, July 2, 2019 for the annualized interest rate (weekly – average basis as reported by the Federal Reserve Board for the week previously ended) on the 5 – year Treasury Note.

The urban renewal revenue capital loan notes were issued for the purpose of paying the costs of aiding in the planning, undertaking and carrying out of an urban renewal project, including road improvements, traffic and rail control devices and a grant to Otter Creek Ethanol, LLC, in the Osceola County Urban Renewal District 1 Plan Area. The notes are payable solely from the income and proceeds of the Special Revenue, Urban Renewal District 1 Plan Area Revenue Fund and the taxes paid into the fund in accordance with

Chapter 403.19 of the Code of Iowa. The proceeds of the urban renewal revenue capital loan notes, the unspent balance of which is included in the Urban Renewal District 1 Plan Area Project Fund, are being expended only for purposes which are consistent with the plans of the County's urban renewal area. The notes are not a general obligation of the County. However, the debt is subject to the constitutional debt limitation of the County.

The terms providing for the issuance of the revenue notes include the following provisions:

The entire income and revenues of this Urban Renewal Plan Area shall be deposited as collected in the Urban Renewal District 1 Plan Area Revenue Fund and shall be disbursed only as follows in the order in which the following funds are listed.

(a) Principal and Interest Sinking Fund. The amount to be deposited in the Sinking Fund in any year shall be an amount equal to the interest and principal coming due on the notes during the fiscal year. Money in the Sinking Fund shall be used solely for the purpose of paying principal and interest on the notes as the notes become due and payable.

(b) Reserve Fund. Money in the Revenue Fund shall next be disbursed to maintain a debt service reserve in an amount equal to the "Reserve Fund Requirement".

"Reserve Fund Requirement" shall mean an amount equal to the lesser of (a) the maximum annual amount of the principal and interest coming due on the notes and parity obligations; or (b) 10 percent of the stated principal amount of the notes and the parity obligations. There shall be deposited in the Reserve Fund an amount equal to 25 percent of the amount required to be deposited in the Sinking Fund; provided, however, that when the amount on deposit in the Reserve Fund shall be not less than the "Reserve Fund Requirement", no further deposits shall be made into the Reserve Fund except to maintain such level, and when the amount on deposit in the Reserve Fund is greater than the balance required above, such additional amounts shall be withdrawn and paid into the Revenue Fund. Money in the Reserve Fund shall be used solely for the purpose of paying principal at maturity of or interest on the notes and parity obligations for the payment of which insufficient money shall be available in the Sinking Fund. Whenever it shall become necessary to so use money in the Reserve Fund, the payments required above shall be continued or resumed until it shall have been restored to the required minimum amount.

(c) Surplus Revenue. All money thereafter remaining in the Revenue Fund at the close of each month shall be deposited in the Surplus Revenue Fund and shall be used to pay or redeem an equal portion of the notes on June 1<sup>st</sup> of each year.

#### Osceola County Economic Development Commission (OCEDC) General Obligation Loan

On February 28, 2008, the County entered into a loan agreement with the Osceola County Economic Development Commission (OCEDC) for \$140,000. This loan was used to purchase real estate known as the "Highpoint of Iowa" or "Hawkeye Point". This note payable carries a 4.5% interest rate. Payments are scheduled to be made on this note payable quarterly based on a 25 year payback schedule with a balloon payment due after 10 years. A summary of the County's June 30, 2008, OCEDC note payable indebtedness is as follows:



Year Ending June 30,	Interest Rates	Principal	Interest	Total
2009	4.50%	\$ 2,881	5,679	8,560
2010	4.50%	3,281	6,057	9,338
2011	4.50%	3,431	5,907	9,338
2012	4.50%	3,589	5,749	9,338
2013	4.50%	3,754	5,584	9,338
2014 – 2018	4.50%	122,046	25,171	147,217
Total		\$ 138,982	54,147	193,129

During the year ended June 30, 2008, the County paid off principal of \$1,018 and interest of \$2,095 on this note. The OCEDC loan proceeds were recorded in the General Fund and are being repaid through the General Fund.

If default is made in the payment of this note, or if the OCEDC believes itself insecure, the entire principal and accrued interest may be declared due and payable by the OCEDC. The interest rate during the default period is 10%. This note is secured by a real estate mortgage on the “Hawkeye Point” property. The “Hawkeye Point” property is recorded as a capital asset on the County’s financial statements with a June 30, 2008 book value (capitalized cost less accumulated depreciation) of \$124,090.

#### Osceola Electric Cooperative, Inc. General Obligation Loan

On September 14, 2007, the County entered into a loan agreement with the Osceola Electric Cooperative, Inc. for \$369,000 at a 0% interest rate through the Cooperative’s revolving loan fund (Rural Economic Development Loan and Grant Program). The loan is payable in ten annual payments of \$36,900. The \$369,000 in loan proceeds was actually received in December 2007. The proceeds of the loan were used to purchase 41 acres of land near Highways 9 and 60 for economic development and to repay the County’s OCEDC short-term loan. Additionally, in September 2007, as a matching requirement for this 0% interest loan, the County made a \$69,000 contribution to the Osceola Electric Cooperative, Inc. out of the General Basic Fund. A summary of the County’s June 30, 2008, Osceola Electric Cooperative, Inc. note payable indebtedness is as follows:

Year Ending June 30,	Interest Rates	Principal
2009	0%	\$ 36,900
2010	0%	36,900
2011	0%	36,900
2012	0%	36,900
2013	0%	36,900
2014 – 2018	0%	184,500
Total		\$ 369,000

During the year ended June 30, 2008, the County did not make any payments on this note. The Osceola Electric Cooperative, Inc. loan proceeds were recorded in the General Fund and will be repaid through the General Fund.

If any payment is made more than ten days after the due date, a late charge will be computed. If default is made in the payment of this note, the entire principal and accrued interest may be declared due and payable by the Cooperative.

**(9) Pension and Retirement Benefits**

The County and Public Safety Commission contribute to the Iowa Public Employees Retirement System (IPERS), which is a cost-sharing multiple-employer defined benefit pension plan administered by the State of Iowa. IPERS provides retirement and death benefits which are established by state statute to plan members and beneficiaries. IPERS issues a publicly available financial report that includes financial statements and required supplementary information. The report may be obtained by writing to IPERS, P.O. Box 9117, Des Moines, Iowa, 50306-9117.

Most regular plan members are required to contribute 3.90% of their annual covered salary and the County and Public Safety Commission are required to contribute 6.05% of covered salary. Certain employees in special risk occupations and the County contribute an actuarially determined contribution rate. Contribution requirements are established by state statute. The County's contributions to IPERS for the years ended June 30, 2008, 2007 and 2006 were \$95,194, \$87,018 and \$83,931, respectively, equal to the required contributions for each year. The Public Safety Commission's contributions to IPERS for the years ended June 30, 2008, 2007 and 2006 were \$42,021, \$38,200 and \$37,829, respectively, equal to the required contributions for each year.

**(10) Risk Management**

Osceola County and the Public Safety Commission are exposed to various risks of loss related to torts; theft; damage to and destruction of assets; errors and omissions; injuries to employees; and natural disasters. These risks are covered by the purchase of commercial insurance. The County and Public Safety Commission assume liability for any deductibles and claims in excess of coverage limitations. Settled claims resulting from these risks have not exceeded commercial insurance coverage in any of the past three fiscal years.

**(11) Intergovernmental Agreement**

The County has entered into an agreement with the Northwest Iowa Area Solid Waste Agency, a political subdivision created in accordance with Chapter 28E of the Code of Iowa, for disposal of solid waste produced or generated from within the County. The County did not have to make any payments under this agreement for the fiscal year ended June 30, 2008.

State and federal laws and regulations require the Agency to place a final cover on its landfill site when it stops accepting waste and to perform certain maintenance and monitoring functions at the site for thirty years after closure. The County by resolution has approved to act as a "Local Government Guarantee" in order to provide a financial assurance mechanism

instrument for the Agency. The closure and postclosure costs to the Agency have been estimated at \$1,915,013 as of June 30, 2008 and the portion of the liability that has been recognized by the Agency as of June 30, 2008 is \$1,001,699. The estimated remaining life of the landfill is 31 years and the capacity used at June 30, 2008 is approximately 53 percent. The Agency has begun to accumulate resources to fund these costs. As of June 30, 2008, assets of \$1,376,261 are restricted for these purposes and the Agency has fully demonstrated financial assurance for closure and postclosure care costs as required by Chapter 111 of the Iowa Administrative Code. No estimate has been made as to any possible future assessments to the County.

**(12) Deficit Fund Balance**

The Mental Health Fund had a deficit fund balance of \$81,090 at June 30, 2008. Demand for Mental Health related services has exceeded the available revenue. The County is evaluating what options are available to address the financial stress of the Mental Health Fund.

**(13) Commitments**

In May 2008, the County entered into a contract for \$56,856 for tuck pointing the courthouse. As of June 30, 2008, no costs had been incurred on the project. Payment for the project will be made from the General Fund.

In May 2008, the County approved a joint plan with Dickinson County for a box culvert project. Dickinson County is responsible for contracting this project. Osceola County's share of this project is estimated to be \$75,000. As of June 30, 2008, no costs had been incurred on the project. Payment for the project will be made from the Secondary Roads Fund.

The County has an agreement with the City of Sioux City, Iowa for the provision of hazardous materials response services. This agreement is in effect until June 30, 2017, unless terminated for cause earlier. The County is committed to pay or reimburse the City of Sioux City for all costs incurred by the City to staff and equip a HAZMAT team to respond to hazardous condition emergencies in the County. The County is also responsible for an annual base charge. The annual base charges for fiscal years ending June 30, 2009-2011 are \$5,690 per year for a total of \$17,070. In fiscal years ending June 30, 2012 and June 30, 2013, the annual base charge will be revised to adjust for program costs and the estimated U.S. Census Bureau data from 2010. In fiscal year ending June 30, 2014 to June 30, 2016, the annual base charge will be revised to adjust to the actual U.S. Census Bureau population figures from 2010. In fiscal year ending June 30, 2017, the annual base charge will be adjusted to reflect the estimated U.S. Census Bureau population data for 2015. Assuming no revisions to the agreement for program costs or population base, the annual base charges for fiscal years ending June 30, 2012-17 would be \$5,690 per year for a total of \$34,140. The payments for these charges are scheduled to be paid through the General Fund or the Osceola County Emergency Management Services. The General Fund paid \$5,690 per the agreement during the fiscal year ended June 30, 2008.

**(14) Contingency**

The County, the Sheriff and the Sheriff's department have been named as defendants in a class action lawsuit. The plaintiffs are claiming infringement of constitutional rights to keep and bear arms, due process and equal protection. The County, the Sheriff and the Sheriff's department is denying any merit to this dispute. A final evaluation, including any range of potential financial cost due to this lawsuit, is not currently available.

**(15) Subsequent Events**

Events that have occurred subsequent to June 30, 2008 include the following:

- a. In September 2008, the County paid \$184,606 from the Secondary Roads Fund for a completed seal coating project.
- b. In December 2008 and March 2009, the County paid \$180,405 and \$15,000, respectively, from the Secondary Roads Fund for a completed bridge construction project.
- c. In December 2008, the County paid \$56,856 from the General Fund on the completed courthouse tuck pointing contract that the County entered into during May 2008.
- d. In February 2009, E911 paid \$77,088 for E911 radio installation work from the E911 Surcharge Fund.
- e. In February 2009, the County approved costs for a joint drainage district project with Dickinson County. Osceola County's share of this project is estimated to be \$79,610. In May 2009, the County paid \$24,130 on this project. This project is being paid by the Drainage Districts Fund.
- f. In March 2009, the County approved a construction agreement with the City of Ashton to improve a bridge. The estimated cost to the County is \$36,000. Payment for this project will be made from the Secondary Roads Fund.
- g. In March 2009, the County approved the purchase of a John Deere wheel loader for \$146,449. The wheel loader will be purchased by the Secondary Roads Fund.

**(16) Estimates**

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the amounts reported in the financial statements and accompanying notes. Actual results may differ from those estimates.

**Osceola County**  
**Required Supplementary Information**

Osceola County

Budgetary Comparison Schedule of  
Receipts, Disbursements and Changes in Balances--  
Budget and Actual (Cash Basis) -- All Governmental Funds

Required Supplementary Information

Year Ended June 30, 2008

	All County Governmental Funds Actual	Less Funds not Required to be Budgeted	Net	Budgeted Amounts		Final Budget to Net Variance
				Original	Final	
<b>Receipts:</b>						
Property and Other County Tax	\$ 2,693,658	0	2,693,658	2,707,387	2,707,387	( 13,729)
Interest and Penalty on Property Tax	15,824	0	15,824	0	0	15,824
Intergovernmental	2,519,194	0	2,519,194	2,314,305	2,424,791	94,403
Licenses and Permits	20,778	0	20,778	9,050	9,050	11,728
Charges for Service	297,520	0	297,520	173,640	173,640	123,880
Use of Money and Property	204,038	2,622	201,416	175,263	175,263	26,153
Miscellaneous	82,550	2,947	79,603	42,020	51,810	27,793
Total Receipts	5,833,562	5,569	5,827,993	5,421,665	5,541,941	286,052
<b>Disbursements</b>						
Public Safety and Legal Services	982,864	0	982,864	1,001,780	1,038,011	( 55,147)
Physical Health and Social Services	145,336	0	145,336	162,260	167,760	( 22,424)
Mental Health	725,766	0	725,766	633,450	728,350	( 2,584)
County Environment and Education	402,346	0	402,346	332,940	412,940	( 10,594)
Roads and Transportation	2,174,829	0	2,174,829	2,170,000	2,170,000	4,829
Governmental Services to Residents	222,559	0	222,559	234,655	247,655	( 25,096)
Administration	689,746	0	689,746	722,352	743,492	( 53,746)
Debt Service	306,912	0	306,912	303,800	303,800	3,112
Capital Projects	1,118,610	12,609	1,106,001	500,000	1,334,000	( 227,999)

Total Disbursements	6,768,968	12,609	6,756,359	6,061,237	7,146,008	( 389,649)
Deficiency of Receipts Under Disbursements	( 935,406)	( 7,040)	( 928,366)	( 639,572)	( 1,604,067)	675,701
Other Financing Sources, Net	512,944	0	512,944	0	509,000	3,944
Deficiency of Receipts and Other Financing Sources Under Disbursements and Other Financing Uses	( 422,462)	( 7,040)	( 415,422)	( 639,572)	( 1,095,067)	679,645
Balances Beginning of Year	3,030,093	133,241	2,896,852	2,556,629	2,556,629	340,223
Balances End of Year	\$ 2,607,631	126,201	2,481,430	1,917,057	1,461,562	1,019,868

See accompanying independent auditor's report.

Osceola County

Budgetary Comparison Schedule – Budget to GAAP Reconciliation

Required Supplementary Information

Year Ended June 30, 2008

	Governmental Funds		
	Cash Basis	Accrual Adjustments	Modified Accrual Basis
Revenues	\$ 5,833,562	( 69,141)	5,764,421
Expenditures	6,768,968	278,425	7,047,393
Net	( 935,406)	( 347,566)	( 1,282,972)
Other Financing Sources, Net	512,944	61,000	573,944
Beginning Fund Balances	3,030,093	439,678	3,469,771
Ending Fund Balances	\$ 2,607,631	153,112	2,760,743

See accompanying independent auditor's report.



## Osceola County

### Notes to Required Supplementary Information – Budgetary Reporting

June 30, 2008

This budgetary comparison is presented as Required Supplementary Information in accordance with Governmental Accounting Standards Board Statement No. 41 for governments with significant budgetary perspective differences resulting from not being able to present budgetary comparisons for the General Fund and each major Special Revenue Fund.

In accordance with the Code of Iowa, the County Board of Supervisors annually adopts a budget on the cash basis following required public notice and hearing for all funds, except blended component units and Agency Funds, and appropriates the amount deemed necessary for each of the different County offices and departments. The budget may be amended during the year utilizing similar statutorily prescribed procedures. Encumbrances are not recognized on the cash basis budget and appropriations lapse at year end.

Formal and legal budgetary control is based upon 10 major classes of expenditures known as functions, not by fund. These 10 functions are: public safety and legal services, physical health and social services, mental health, county environment and education, roads and transportation, governmental services to residents, administration, non-program, debt service and capital projects. Function disbursements required to be budgeted include disbursements for the General Fund, the Special Revenue Funds, the Debt Service Fund (if any) and the Capital Projects Funds (if any). Although the budget document presents function disbursements by fund, the legal level of control is at the aggregated function level, not by fund. Legal budgetary control is also based upon the appropriation to each office or department. During the year, four budget amendments increased budgeted disbursements by \$1,084,771. The budget amendments are reflected in the final budgeted amounts.

In addition, annual budgets are similarly adopted in accordance with the Code of Iowa by the appropriate governing body as indicated: for the County Extension Office by the County Agricultural Extension Council, for the County Assessor by the County Conference Board, for the E911 System by the Joint E911 Service Board, for Emergency Management Services by the County Emergency Management Commission and for the Public Safety Commission by the Public Safety Commission Board. Please see Schedule 9 for information on the Public Safety Commission budget.

During the year ended June 30, 2008, disbursements exceeded the amounts budgeted in the roads and transportation and debt service functions and disbursements in one department exceeded the amount appropriated before the departmental appropriation was properly amended. Also, one budget amendment was not published properly in accordance with the Code of Iowa. The published amended budget understated the increase in budgeted disbursements that was intended to be and was actually adopted.

**Osceola County**  
**Other Supplementary Information**

Osceola County  
Combining Balance Sheet  
Nonmajor Special Revenue Funds

June 30, 2008

	County Recorder's Records Management	Unified Law Levy	Sheriff's Asset Forfeiture	County Attorney Incentive
<b>Assets</b>				
Cash and Pooled Investments	\$ 18,852	7,288	6,977	9,117
Receivables:				
Property Tax:				
Delinquent	0	1,016	0	0
Succeeding Year	0	278,398	0	0
Accrued Interest	16	0	0	0
Due from Other Governments	0	0	0	3,644
<b>Total Assets</b>	<b>\$ 18,868</b>	<b>286,702</b>	<b>6,977</b>	<b>12,761</b>
<b>Liabilities and Fund Balances</b>				
Liabilities:				
Accounts Payable	\$ 0	0	0	0
Due to Component Unit	0	7,288	0	0
Due to Other Governments	0	0	0	0
Deferred Revenue:				
Succeeding Year Property Tax	0	278,398	0	0
Other	0	1,016	0	0
Total Liabilities	0	286,702	0	0
Fund Balances:				
Unreserved	18,868	0	6,977	12,761
<b>Total Liabilities and Fund Balances</b>	<b>\$ 18,868</b>	<b>286,702</b>	<b>6,977</b>	<b>12,761</b>

See accompanying independent auditor's report.

**Schedule 1**

Urban Renewal District 1 Plan Area Project	Urban Renewal District 1 Revenue Reserve	Drainage Districts	Conservation Land Acquisition Trust	Total
145,473	37,559	126,201	94,496	445,963
0	0	0	0	1,016
0	0	0	0	278,398
195	0	133	167	511
0	0	0	0	3,644
145,668	37,559	126,334	94,663	729,532
0	0	1,357	0	1,357
0	0	0	0	7,288
0	0	518	0	518
0	0	0	0	278,398
0	0	0	0	1,016
0	0	1,875	0	288,577
145,668	37,559	124,459	94,663	440,955
145,668	37,559	126,334	94,663	729,532

Osceola County

Combining Schedule of Revenues, Expenditures and  
Changes in Fund Balances  
Nonmajor Special Revenue Funds

Year Ended June 30, 2008

	County Recorder's Records Management	Unified Law Levy	County Government Assistance	Sheriff's Asset Forfeiture
Revenues:				
Property and Other County Tax	\$ 0	256,050	0	0
Intergovernmental	0	16,144	0	0
Charges for Service	2,104	0	0	0
Use of Money and Property	95	0	0	0
Miscellaneous	0	0	0	8,255
Total Revenues	2,199	272,194	0	8,255
Expenditures:				
Operating:				
Public Safety and Legal Services	0	272,194	0	3,431
Capital Projects	0	0	0	0
Total Expenditures	0	272,194	0	3,431
Excess (Deficiency) of Revenues Over (Under) Expenditures	2,199	0	0	4,824
Other Financing Sources (Uses):				
Operating Transfer In	0	0	0	0
Operating Transfer Out	0	0	( 1)	0
Total Other Financing Sources (Uses)	0	0	( 1)	0
Net Change in Fund Balances	2,199	0	( 1)	4,824
Fund Balances Beginning of Year	16,669	0	0	2,153
Fund Balance End of Year	\$ 18,868	0	0	6,977

See accompanying independent auditor's report.

Schedule 2

County Attorney Incentive	Urban Renewal District 1 Plan Area Project	Urban Renewal District 1 Revenue Reserve	Drainage Districts	Conservation Land Acquisition Trust	Total
0	0	0	0	0	256,050
7,916	0	0	0	0	24,060
0	0	0	0	0	2,104
0	4,365	0	2,510	12,849	19,819
0	0	0	2,947	19,023	30,225
7,916	4,365	0	5,457	31,872	332,258
0	0	0	0	0	275,625
0	0	0	12,157	4,505	16,662
0	0	0	12,157	4,505	292,287
7,916	4,365	0	( 6,700)	27,367	39,971
0	0	24,693	0	0	24,693
0	0	0	0	0	( 1)
0	0	24,693	0	0	24,692
7,916	4,365	24,693	( 6,700)	27,367	64,663
4,845	141,303	12,866	131,159	67,296	376,292
12,761	145,668	37,559	124,459	94,663	440,955

Osceola County

Combining Schedule of Fiduciary Assets and Liabilities  
Agency Funds

June 30, 2008

	County Offices	Agricultural Extension Education	County Assessor	County Assessor- Special Appraisers
<b>Assets</b>				
Cash and Pooled Investments:				
County Treasurer	\$ 0	2,064	15,989	116,521
Other County Officials	59,953	0	0	0
Receivables:				
Property Tax:				
Delinquent	0	299	269	325
Succeeding Year	0	85,907	77,317	93,180
Tax Increment Financing:				
Succeeding Year	0	0	0	0
Accounts	99,752	0	0	0
Trusts	0	0	0	0
Accrued Interest	0	0	0	0
Due from Other Governments	0	0	48	0
Prepaid Expenses	0	0	3,080	0
<b>Total Assets</b>	<b>\$ 159,705</b>	<b>88,270</b>	<b>96,703</b>	<b>210,026</b>
<b>Liabilities</b>				
Accounts Payable	\$ 0	0	130	0
Due to Primary Government	153,916	0	0	0
Due to Component Unit	136	0	0	0
Due to Other Governments	4,604	88,270	92,580	210,026
Trusts Payable	1,049	0	0	0
Compensated Absences	0	0	3,993	0
<b>Total Liabilities</b>	<b>\$ 159,705</b>	<b>88,270</b>	<b>96,703</b>	<b>210,026</b>

**Schedule 3**

Schools	Community Colleges	Corporations	Townships	Auto License and Use Tax	E911 Surcharge
93,437	4,656	13,435	3,084	114,047	162,493
0	0	0	0	0	0
13,909	714	3,229	569	0	0
4,296,042	199,350	1,137,593	122,583	0	0
0	0	4,092	0	0	0
0	0	0	0	0	9,579
0	0	0	0	0	0
0	0	0	0	0	302
0	0	0	0	0	5,276
0	0	0	0	0	0
4,403,388	204,720	1,158,349	126,236	114,047	177,650
0	0	0	0	0	17
0	0	0	0	4,793	0
0	0	0	0	0	0
4,403,388	204,720	1,158,349	126,236	109,254	177,633
0	0	0	0	0	0
0	0	0	0	0	0
4,403,388	204,720	1,158,349	126,236	114,047	177,650



**Schedule 3 (Continued)**

## Osceola County

Combining Schedule of Fiduciary Assets and Liabilities  
Agency Funds

June 30, 2008

	Emergency Management Services	Future Tax Collections	Other	Total
<b>Assets</b>				
Cash and Pooled Investments:				
County Treasurer	\$ 18,285	20,673	1,082	565,766
Other County Officials	0	0	3,793	63,746
Receivables:				
Property Tax:				
Delinquent	0	0	4	19,318
Succeeding Year	0	0	1,002	6,012,974
Tax Increment Financing:				
Succeeding Year	0	0	0	4,092
Accounts	0	0	0	109,331
Trusts	0	0	1,616	1,616
Accrued Interest	0	0	0	302
Due from Other Governments	13,091	0	0	18,415
Prepaid Expenses	490	0	0	3,570
<b>Total Assets</b>	<b>\$ 31,866</b>	<b>20,673</b>	<b>7,497</b>	<b>6,799,130</b>
<b>Liabilities</b>				
Accounts Payable	\$ 83	0	0	230
Due to Primary Government	0	0	5,409	164,118
Due to Component Unit	0	0	0	136
Due to Other Governments	26,512	0	2,076	6,603,648
Trusts Payable	0	20,673	12	21,734
Compensated Absences	5,271	0	0	9,264
<b>Total Liabilities</b>	<b>\$ 31,866</b>	<b>20,673</b>	<b>7,497</b>	<b>6,799,130</b>

See accompanying independent auditor's report.

Osceola County

Combining Schedule of Changes in Fiduciary Assets and Liabilities  
Agency Funds

Year Ended June 30, 2008

County Offices	Agricultural Extension Education	County Assessor	County Assessor- Special Appraisers
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**Assets and Liabilities**

Balances Beginning of Year	\$ 147,658	86,202	117,057	128,304
Additions:				
Property and Other County Tax	0	85,222	76,608	93,308
State Tax Credits	0	5,556	5,516	1,111
Intergovernmental Replacements, Grants and Revenues	6,804	68	147	14
Contribution from Osceola County	0	0	0	0
Reimbursement from E911 Surcharge	0	0	0	0
E911 Surcharge	0	0	0	0
Office Fees and Collections	461,913	0	500	0
Electronic Transaction Fee	0	0	0	0
Auto & Drivers Licenses, Use Tax and Postage	0	0	0	0
Assessments	0	0	0	0
Interest	330	0	0	0
Trusts	18,692	0	0	0
Insurance Proceeds	5,711	0	0	0
Donations	5,003	0	0	0
Miscellaneous	863	0	0	0
Total Additions	499,316	90,846	82,771	94,433
Deductions:				
Agency Remittances:				
To Other Funds/Component Unit	281,295	0	0	0
To Other Governments	187,529	88,778	103,125	12,711
Trusts Paid Out	18,445	0	0	0
Total Deductions	487,269	88,778	103,125	12,711
Balances End of Year	\$ 159,705	88,270	96,703	210,026

Schedule 4

Schools	Community Colleges	Corporations	Townships	Auto License and Use Tax	E911 Surcharge
4,012,924	195,776	1,256,057	123,363	122,176	131,201
4,110,318	197,752	1,143,985	121,507	0	0
248,737	12,563	89,589	7,474	0	0
3,060	155	2,191	61	0	0
0	0	0	0	0	0
0	0	0	0	0	0
0	0	0	0	0	62,827
0	0	0	0	0	4
0	0	0	0	0	0
0	0	0	0	1,608,223	0
0	0	0	0	0	0
0	0	0	0	0	5,076
0	0	0	0	0	0
0	0	0	0	0	5,050
0	0	0	0	0	0
0	0	0	0	0	0
4,362,115	210,470	1,235,765	129,042	1,608,223	72,957
0	0	0	0	61,348	5,000
3,971,651	201,526	1,333,473	126,169	1,555,004	21,508
0	0	0	0	0	0
3,971,651	201,526	1,333,473	126,169	1,616,352	26,508
4,403,388	204,720	1,158,349	126,236	114,047	177,650

**Schedule 4 (Continued)**

Osceola County

Combining Schedule of Changes in Fiduciary Assets and Liabilities  
Agency Funds

Year Ended June 30, 2008

	Emergency Management Services	Future Tax Collections	Other	Total
<b>Assets and Liabilities</b>				
Balances Beginning of Year	\$ 32,094	38,019	5,061	6,395,892
Additions:				
Property and Other County Tax	0	0	990	5,829,690
State Tax Credits	0	0	65	370,611
Intergovernmental Replacements, Grants and Revenues	20,064	0	1	32,565
Contribution from Osceola County	30,000	0	0	30,000
Reimbursement from E911 Surcharge	5,000	0	0	5,000
E911 Surcharge	0	0	0	62,827
Office Fees and Collections	0	0	0	462,417
Electronic Transaction Fee	0	0	2,104	2,104
Auto & Drivers Licenses, Use Tax and Postage	0	0	0	1,608,223
Assessments	0	0	4,778	4,778
Interest	0	0	0	5,406
Trusts	0	28,874	48,339	95,905
Insurance Proceeds	0	0	0	10,761
Donations	0	0	0	5,003
Miscellaneous	129	0	0	992
Total Additions	55,193	28,874	56,277	8,526,282
Deductions:				
Agency Remittances:				
To Other Funds/Component Unit	0	0	0	347,643
To Other Governments	55,421	0	7,401	7,664,296
Trusts Paid Out	0	46,220	46,440	111,105
Total Deductions	55,421	46,220	53,841	8,123,044
Balances End of Year	\$ 31,866	20,673	7,497	6,799,130
See accompanying independent auditor's report.				

## Osceola County

Balance Sheet  
 Component Unit – Public Safety Commission

June 30, 2008

**Assets**

Cash and Pooled Investments	\$ 231,870
Accounts Receivable	102
Due from Primary Government	9,158
Due from County's Agency Funds	136
Due from Other Governments	5,202
Prepaid Insurance	9,279
	<hr/>

<b>Total Assets</b>	<b>\$ 255,747</b>
	<hr/> <hr/>

**Liabilities and Fund Balance**

## Liabilities:

Accounts Payable	\$ 5,930
Salaries and Benefits Payable	3,314
Compensated Absences	2,659
Deferred Revenue:	
Other	5,338
	<hr/>
Total Liabilities	17,241

## Fund Balance:

## Unreserved:

Undesignated	238,506
	<hr/>

<b>Total Liabilities and Fund Balance</b>	<b>\$ 255,747</b>
	<hr/> <hr/>

See accompanying independent auditor's report.

## Osceola County

Reconciliation of the Balance Sheet  
to the Statement of Net Assets  
Component Unit – Public Safety Commission

June 30, 2008

**Total Component Unit Fund Balance (page 64)** \$ 238,506

*Amounts reported for the component unit in the Statement of Net Assets  
are different because:*

Capital assets used in the component unit are not current financial resources and, therefore, are not reported in the Commission's Balance Sheet. The cost of assets is \$404,552 and the accumulated depreciation is \$196,075. 208,477

Other long-term assets are not available to pay current period expenditures and, therefore, are deferred in the Commission's Balance Sheet. 5,338

The County's deferred revenue portion of the unified levy tax that is collected by the County and remitted to the Public Safety Commission is not available to pay current period expenditures and, therefore, not reported in the Commission's Balance Sheet. 1,016

Long-term liabilities, which include compensated absences payable, are not due and payable in the current period and, therefore, are not reported in the Commission's Balance Sheet. ( 41,250)

**Net Assets of Component Unit (pages 17-18)** \$ 412,087

See accompanying independent auditor's report.

## Osceola County

Schedule of Revenues, Expenditures and  
Change in Fund Balance  
Component Unit – Public Safety Commission

Year Ended June 30, 2008

Revenues:	
Intergovernmental	\$ 868,725
Charges for Service	22,958
Miscellaneous	9,959
Total Revenues	<u>901,642</u>
Expenditures:	
Operating:	
Uniformed Patrol Services	563,796
Investigations	500
Law Enforcement Communications	179,810
Administration	171,432
Data Processing Services	1,873
Tort Liability and Safety of the Workplace	13,818
Total Expenditures	<u>931,229</u>
Deficiency of Revenues Under Expenditures	( 29,587)
Other Financing Sources:	
Sale of Capital Assets	<u>2,071</u>
Net Change in Fund Balance	( 27,516)
Fund Balance Beginning of Year	<u>266,022</u>
Fund Balance End of Year	<u><u>\$ 238,506</u></u>

See accompanying independent auditor's report.

## Osceola County

Reconciliation of the Statement of Revenues, Expenditures and  
Changes in Fund Balances to the Statement of Activities  
Component Unit – Public Safety Commission

Year Ended June 30, 2008

**Net Change in Fund Balance - Component Unit (page 65)** \$ ( 27,516)

*Amounts reported for the component unit in the Statement of Activities are different because:*

The component unit reports capital outlays as expenditures in the Statement of Revenues, Expenditures and Changes in Fund Balance while the component unit in the Statement of Activities reports depreciation expense to allocate those expenditures over the life of the assets. Capital outlay expenditures were exceeded by depreciation expense in the current year as follows:

Expenditures for capital assets	\$ 22,025		
Depreciation expense	( 34,854)	(	12,829)

In the Statement of Activities, the loss on the disposition of capital assets is reported, whereas the Statement of Revenues, Expenditures and Change in Fund Balance reports the proceeds from the disposition as an increase in financial resources. ( 17,673)

Because some revenues will not be collected for several months after the Public Safety Commission's year end, they are not considered available revenues and are deferred in the Statement of Revenues, Expenditures and Change in Fund Balance. The resulting timing difference is as follows:

Osceola County's unified law levy	160		
Other	1,338	1,	498

Some expenses reported in the Statement of Activities do not require the use of current financial resources and, therefore, are not reported as expenditures in the Statement of Revenues, Expenditures and Change in Fund Balance as follows:

Compensated absences			17,223
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**Change in Net Assets of Component Unit (pages 19-20)** \$ ( 39,297)

See accompanying independent auditor's report.



## Osceola County

Budgetary Comparison Schedule of  
 Receipts, Disbursements and Changes in Balances—  
 Budget and Actual (Cash Basis) & Budget to GAAP Reconciliation  
 Component Unit – Public Safety Commission

Year Ended June 30, 2008

<b><u>Budget to Actual Comparison:</u></b>	Budgeted Amounts			Final to
	Actual	Original	Final	Actual Variance
Receipts:				
County Contribution	\$ 234,000	234,000	234,000	0
City Contribution	353,796	358,998	358,998	( 5,202)
Unified Law Levy	269,710	275,507	275,507	( 5,797)
Other Receipts	44,174	26,000	26,000	18,174
Total Receipts	901,680	894,505	894,505	7,175
Disbursements:				
Uniformed Patrol Services	560,885	485,300	553,800	7,085
Law Enforcement Communications	180,031	178,600	178,600	1,431
Administration	170,803	192,300	192,300	( 21,497)
Other	14,906	22,300	22,300	( 7,394)
Total Disbursements	926,625	878,500	947,000	( 20,375)
Excess (Deficiency) of Receipts Over (Under) Disbursements	( 24,945)	16,005	( 52,495)	27,550
Other Financing Source	2,071	0	0	2,071
Balances Beginning of Year	254,744	187,410	187,410	67,334
Balances End of Year	\$ 231,870	203,415	134,915	96,955

Note: Although the budget document presents disbursements by category, the legal level of control is at the aggregated total of all disbursements, not by category. During the year, one budget amendment increased budgeted disbursements by \$68,500. The budget amendment is reflected in the final budgeted amount.

<b><u>Reconciliation:</u></b>	Cash	Accrual	Modified
	Basis	Adjustments	Accrual Basis
Revenues	\$ 901,680	( 38)	901,642
Expenditures	926,625	4,604	931,229
Net	( 24,945)	( 4,642)	( 29,587)
Other Financing Source	2,071	0	2,071
Beginning Fund Balances	254,744	11,278	266,022
Ending Fund Balances	\$ 231,870	6,636	238,506

See accompanying independent auditor's report.

## Osceola County

Schedule of Revenues By Source and Expenditures By Function --  
All Governmental Funds

For the Last Six Years

	Modified Accrual Basis				
	2008	2007	2006	2005	2004
<b>Revenues:</b>					
Property and Other County Tax	\$ 2,369,853	2,329,758	2,221,623	2,049,051	2,157,197
Tax Increment Financing	323,713	320,185	210,292	0	0
Interest and Penalty on Property Tax	15,725	14,166	13,275	8,324	10,054
Intergovernmental	2,488,781	2,384,880	2,331,151	2,339,771	2,310,475
Licenses and Permits	20,973	17,210	10,750	9,113	6,023
Charges for Service	258,441	271,659	225,263	250,401	226,598
Use of Money and Property	197,159	207,348	177,756	123,817	84,301
Miscellaneous	89,776	69,472	28,752	31,509	38,024
<b>Total</b>	<b>\$ 5,764,421</b>	<b>5,614,678</b>	<b>5,218,862</b>	<b>4,811,986</b>	<b>4,832,672</b>
<b>Expenditures:</b>					
<b>Operating:</b>					
Public Safety and Legal Services	\$ 989,801	982,964	930,874	850,645	782,569
Physical Health and Social Services	143,070	129,747	126,981	121,043	130,769
Mental Health	792,245	678,848	532,029	524,588	481,889
County Environment and Education	434,717	300,820	379,376	2,684,018	249,974
Roads and Transportation	2,335,424	1,900,778	2,250,666	1,644,789	1,913,113
Governmental Services to Residents	222,734	198,224	307,555	197,544	151,508
Administration	706,932	605,044	598,664	557,568	559,522
Debt Service	306,913	312,088	210,913	110,836	68,411
Capital Projects	1,115,557	506,008	462,538	251,478	184,549
<b>Total</b>	<b>\$ 7,047,393</b>	<b>5,614,521</b>	<b>5,799,596</b>	<b>6,942,509</b>	<b>4,522,304</b>
<b>Total</b>	<b>\$ 7,047,393</b>	<b>5,614,521</b>	<b>5,799,596</b>	<b>6,942,509</b>	<b>5,187,074</b>

See accompanying independent auditor's report.

## Osceola County

Schedule of Revenues By Source and Expenditures By Program –  
Component Unit – Public Safety Commission

## For the Last Six Years

	Modified Accrual Basis					
	2008	2007	2006	2005	2004	2003
<b>Revenues:</b>						
Intergovernmental	\$ 868,725	842,103	875,389	801,430	781,815	776,257
Charges for Service	22,958	29,534	24,531	19,090	22,173	23,948
Miscellaneous	9,959	22,729	4,875	1,630	2,849	714
<b>Total</b>	<b>\$ 901,642</b>	<b>894,366</b>	<b>904,795</b>	<b>822,150</b>	<b>806,837</b>	<b>800,919</b>
<b>Expenditures:</b>						
<b>Operating:</b>						
Uniformed Patrol Services	\$ 563,796	530,450	501,156	506,787	515,636	505,115
Investigations	500	183	2,992	0	0	0
Law Enforcement Communications	179,810	162,298	160,028	190,821	184,783	178,910
Adult Correction Service	0	15	0	0	0	0
Administration	171,432	163,332	156,285	163,196	137,625	144,945
Data Processing Services	1,873	798	319	4,731	3,042	0
Tort Liability and Safety of the Workplace	13,818	11,891	11,855	13,331	12,914	19,060
<b>Total</b>	<b>\$ 931,229</b>	<b>868,967</b>	<b>832,635</b>	<b>878,866</b>	<b>854,000</b>	<b>848,030</b>

See accompanying independent auditor's report.

**Osceola County**

**Independent Auditor's Report on Internal Control  
over Financial Reporting and on Compliance and  
Other Matters Based on an Audit of Financial  
Statements Performed in Accordance with  
*Government Auditing Standards***

# **DE NOBLE & COMPANY PC**

Certified Public Accountants

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### **Independent Auditor's Report on Internal Control over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with Government Auditing Standards**

To the Officials of Osceola County:

We have audited the accompanying financial statements of the governmental activities, each major fund, the aggregate remaining fund information and the component unit of Osceola County, Iowa, as of and for the year ended June 30, 2008, which collectively comprise the County's basic financial statements listed in the table of contents and have issued our report thereon dated June 29, 2009. We conducted our audit in accordance with U. S. generally accepted auditing standards and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

#### **Internal Control Over Financial Reporting**

In planning and performing our audit, we considered Osceola County's internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing our opinion on the effectiveness of Osceola County's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of Osceola County's internal control over financial reporting.

Our consideration of internal control over financial reporting was for the limited purpose described in the preceding paragraph and would not necessarily identify all deficiencies in internal control over financial reporting that might be significant deficiencies or material weaknesses. However, as discussed below, we identified certain deficiencies in internal control over financial reporting that we consider to be significant deficiencies, including deficiencies we consider to be material weaknesses.

A control deficiency exists when the design or operation of the control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect misstatements on a timely basis. A significant deficiency is a control deficiency, or combination of control deficiencies, that adversely affects Osceola County's ability to initiate, authorize, record, process, or report financial data reliably in accordance with U.S. generally accepted accounting principles such that there is more than a remote likelihood a misstatement of Osceola County's financial statements that is more than inconsequential will not be prevented or detected by Osceola County's internal control. We consider the deficiencies in internal control described in the accompanying Schedule of Findings to be significant deficiencies in internal control over financial reporting.



A material weakness is a significant deficiency, or combination of significant deficiencies, that results in more than a remote likelihood a material misstatement of the financial statements will not be prevented or detected by Osceola County's internal control.

Our consideration of the internal control over financial reporting was for the limited purpose described in the first paragraph of this section and would not necessarily identify all deficiencies in the internal control that might be significant deficiencies and, accordingly, would not necessarily disclose all significant deficiencies that are also considered to be material weaknesses. However, of the significant deficiencies described above, we believe items 08-A, B, D, E, G, L, M, N, O and P are material weaknesses.

#### Compliance and Other Matters

As part of obtaining reasonable assurance about whether Osceola County's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, non-compliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of non-compliance or other matters that are required to be reported under *Government Auditing Standards*. However, we noted certain immaterial instances of non-compliance or other matters that are described in the accompanying Schedule of Findings.

Comments involving statutory and other legal matters about the County's operations for the year ended June 30, 2008 are based exclusively on knowledge obtained from procedures performed during our audit of the financial statements of the County. Since our audit was based on tests and samples, not all transactions that might have had an impact on the comments were necessarily audited. The comments involving statutory and other legal matters are not intended to constitute legal interpretations of those statutes.

Osceola County's responses to findings identified in our audit are described in the accompanying Schedule of Findings. While we have expressed our conclusions on the County's responses, we did not audit Osceola County's responses and, accordingly, we express no opinion on them.

This report, a public record by law, is intended solely for the information and use of the officials, employees, and citizens of Osceola County and other parties to whom Osceola County may report. This report is not intended to be and should not be used by anyone other than these specified parties.

We would like to acknowledge the many courtesies and assistance extended to us by personnel of Osceola County during the course of our audit. Should you have any questions concerning any of the above matters, we shall be pleased to discuss them with you at your convenience.

*De Noble & Company PC*

De Noble & Company PC  
Certified Public Accountants

June 29, 2009

**Osceola County**  
**Schedule of Findings**

**Osceola County**  
Schedule of Findings  
Year Ended June 30, 2008

**Findings Related to the Financial Statements:**

**REPORTABLE CONDITIONS:**

08-A      Segregation of Duties – During our review of internal control, the existing procedures are evaluated in order to determine that incompatible duties, from a control standpoint, are not performed by the same employee. This segregation of duties helps to prevent losses from employee error or dishonesty and therefore maximizes the accuracy of the County's financial statements. We noted that generally one or two individuals in several offices may have control over handling of assets, financial transactions, record-keeping and reconciling functions, for which no compensating controls exist.

Checks do not require dual signatures to be issued. Time sheets are not always being prepared by all personnel. There is a lack of signatures by the employee and/or the supervisor on some of the timesheets.

Recommendations – The following recommendations should be considered to improve the segregation of duties within the various offices of the County:

- a. All cash receipts should be handled by an employee who is not authorized to make entries to the accounting records. This employee should prepare a listing of cash and checks received. The list should then be forwarded to the accounting personnel for processing. Later, the same listing should be compared by an independent person to the cash receipt records and to the actual deposit made.
- b. Bank accounts should be reconciled promptly at the end of each month by an individual who does not sign checks, handle or record cash.
- c. A person in the office who has no responsibility for custody of investments should periodically inspect investments, verify County ownership of investments and reconcile documents to the investment records. In addition, reconciliations of delinquencies, abatement of taxes and monthly auto license and use tax reports should be done by independent people.
- d. Checks should be signed by an individual who does not otherwise participate in the preparation of the checks. Prior to signing, the checks and the supporting documentation should be reviewed for propriety. After signing, the checks should be mailed without allowing them to return to individuals who prepare the checks or approve payment. Dual signatures should be required on all checks.
- e. Supplies and capital assets ordered should be received by someone other than the person who initiated the order. The person responsible for making sure that all items ordered are received and the proper amounts are charged should be separate from the purchasing and cash disbursement functions.



**Osceola County**  
Schedule of Findings  
Year Ended June 30, 2008

- f. Authorization of transactions, handling of source documents and custody of assets should be segregated. Billings for services, the recordkeeping of accounts receivable and the handling of cash receipts should also be segregated.
- g. Reconciliations and investigations of unusual reconciling items in the accounting records should be reviewed and approved by a person who is not responsible for receipts and disbursements.
- h. Long-term debt records should be maintained by an individual who does not perform any cash functions. Notes/loans that have been paid should be reconciled to the note/loan records by an independent person.
- i. All checks issued should be analyzed by an independent person to verify that the numerical sequence is accurate and all checks are accounted for. This should apply to both computer generated and handwritten checks.
- j. Payroll records, including comp time, vacation and sick leave earned and accumulated, should be maintained or reviewed by an independent person. Timesheets should be prepared and signed to attest to the accuracy of the timesheets by all personnel. The timesheets should be reviewed and approved by a supervisor or an independent person before issuing payment for the payroll period. Formal proof of the review and approval of a timesheet should be established by having the independent person initial each timesheet.
- k. Complete, detailed personnel records should be maintained outside the payroll section. The personnel records should periodically be compared to the actual payroll by an independent person.

We realize that with a limited number of office employees, segregation of duties is difficult. However, each official or person in-charge should review the operating procedures of their office to obtain the maximum internal control possible under the circumstances. The official or person in-charge should utilize current personnel in their office or from another office to provide additional control through review of financial transactions, reconciliations, and reports. Such reviews should be performed by independent persons to the extent possible and should be evidenced by initials or signature of the reviewer and the date of the review. These recommendations, as applicable, do apply to the Emergency Management, E911, County Assessor, County Extension and the Public Safety Commission also.

Response – We will encourage each department/entity to utilize existing personnel within the County/each entity to help in achieving additional segregation of duties. We will implement as economically practicable (we will segregate within staff size limitations).

Conclusion – Response acknowledged. However, it is important that you do thoroughly review your procedures and attempt to implement these recommendations.

**Osceola County**  
**Schedule of Findings**  
**Year Ended June 30, 2008**

08-B      Capital Assets/Inventory – During our audit, we came across capital assets that needed to be added to and deleted from the capital assets subsidiary records. We also came across capital assets where the carrying value had to be adjusted. There is no periodic inspection of capital assets/inventory formally being performed by an independent person. Capital assets are not marked for identification purposes.

Recommendation – Each County office, the Public Safety Commission, the County Assessor, Emergency Management and E911 should be responsible for assisting the Auditor's Office, on a monthly basis, with accumulating the necessary information in order to keep the capital assets records current. On a yearly basis, an authorized independent person should be responsible for verifying the existence of the capital assets/inventory under each office's control. Any capital assets disposed of or sold should be adequately documented. Capital assets should be marked for identification purposes to assist in the existence and accountability functions.

Response – We will try to develop a system that will implement all the components of this recommendation.

Conclusion – Response accepted. However, it is important that this issue is addressed and procedures developed in a timely manner.

08-C      Accounting Procedures Manuals – The County does not have updated accounting procedures manuals for all aspects of the County's accounting systems.

Recommendation – Accounting procedures manuals should be prepared/updated and implemented for all aspects of the County's accounting systems.

Response – We will attempt to have each appropriate office work on preparation of an accounting procedures manual that is current with existing procedures.

Conclusion – Response acknowledged. However, please do attempt to have each appropriate office work on this in the near future.

08-D      Information Systems – During our review of internal control, the existing control activities in the computer based systems were evaluated in order to determine that activities, from a control standpoint, were designed to provide reasonable assurance regarding the achievement of objectives in the reliability of financial reporting, effectiveness and efficiency of operations and compliance with applicable laws and regulations. The following weaknesses in the computer based systems were noted:

There are no written policies that require:

- daily off-site storage for backup tapes (the County and Public Safety Commission only store weekly backup tapes off-site; there is no off-site storage for the Sheriff's, Attorney's, Conservation's and Assessor's Offices).

**Osceola County**  
Schedule of Findings  
Year Ended June 30, 2008

- requiring password changes because software does not require the user to change log-ins/passwords periodically. There are no passwords even required for E911/ Emergency Management, the Ambulance and the Conservation Office. The County Extension and Public Safety Commission also do not change passwords.
- requiring password length to be set at a minimum of at least six characters and require use of multiple characters on the keyboard.
- automatic log-off provisions when left unattended for a period of time. Upon log-off, the user should have to again enter a password to re-access information.

Recommendation – Written policies should be developed addressing the above information system issues in order to improve the control over computer based systems. This recommendation, as applicable, does apply to Emergency Management, E911, County Assessor, County Extension and the Public Safety Commission also.

Response – We will attempt to work on implementing these computer related policies in all offices.

Conclusion – Response acknowledged. However, please do attempt to implement this recommendation in the near future.

08-E      Job Rotations – Financial personnel’s duties are not always rotated for a period of time each fiscal year.

Recommendation – The County should consider the need for financial personnel to annually take a minimum amount of vacation time and each person’s duties should be done by another employee when a person is on vacation. Employees should be cross-trained to be able to perform a fellow employee’s duties. This does apply to Emergency Management, E911, County Assessor, County Extension and the Public Safety Commission also.

Response – We will have each office/entity work on rotating duties within economic constraints.

Conclusion – Response acknowledged. However, please do attempt to implement this recommendation.

08-F      Cellular Phone Policy – The Public Safety Commission does not have a standard policy regarding limitations on use of cellular phones.

Recommendation – The Public Safety Commission should strongly consider adopting a policy that sets strict parameters for use of cellular phones.

Response – We will have the Public Safety Commission Board work on adopting a policy that attempts to meet the requirements of public purpose.

**Osceola County**  
Schedule of Findings  
Year Ended June 30, 2008

Conclusion – Response accepted. However, please do attempt to have the Public Safety Commission Board implement this recommendation in the near future.

08-G      Collection Procedures – The County does not have any written policies or procedures on collecting delinquent accounts receivable.

Recommendation – The County needs to develop written policies and procedures regarding collection of delinquent accounts receivable.

Response – We will attempt to develop policies and procedures for collection of receivables.

Conclusion – Response acknowledged. Please attempt to implement this recommendation in a timely manner.

08-H      Lease Agreements – The County has entered into several arrangements through the Conservation Office to lease land to interested individuals. A couple of the lease arrangements need to be updated or are not evidenced by a formal written document, but rather by just a verbal agreement.

Recommendation – A formal, written lease agreement should be legally prepared and signed by the County and each tenant for all land lease arrangements. These written lease agreements should be kept current.

Response – We will have the County Attorney and the Conservation Office continue to work on getting each of the land lease agreements in writing and current.

Conclusion – Response acknowledged. Please do have the County Attorney and the Conservation Office work on getting and keeping each of the leases current.

08-I      Written Job Description – For legal purposes, a written job description should possibly be in place for the custodian positions.

Recommendation – For the benefit of the County and the custodians, the County should consider establishing a written job description for the custodians, delineating specific duties, reporting relationships and constraints. Please have the County Attorney address this.

Response – We will have with the County Attorney work on this.

Conclusion – Response accepted. Please do have the County Attorney address this.

**Osceola County**  
Schedule of Findings  
Year Ended June 30, 2008

08-J      Vehicle Usage/Fuel Test – When filling County vehicles with fuel, the vehicle's identification and the mileage at the time of fueling are not always noted on the receipt. Vehicle mileage should be compared to fuel consumption on a regular basis by an independent person.

Recommendation – When filling County vehicles with fuel, the vehicle's identification and the mileage at the time of fueling should be noted on the receipt. Mileage logs should be kept on each vehicle, tested against the fuel charged to each vehicle to verify reasonableness and any differences/variations noted should be investigated.

Response – We will have the appropriate County departments address this.

Conclusion – Response acknowledged. Please do consider implementing this recommendation in all appropriate offices.

08-K      Ambulance Run Reports – The ambulance run reports are not prenumbered.

Recommendation – The ambulance run reports should be prenumbered and the numerical sequence should be monitored for completeness. The ambulance run reports should be reconciled to the accounting records by an independent person.

Response – We will have the ambulance personnel address this.

Conclusion – Response acknowledged. Please do have the ambulance personnel work on this.

08-L      Ambulance Billings/Receivables – A proper reconciliation of beginning ambulance receivables, new billings, Medicare/Medicaid write-offs, other write-offs, payments received and ending ambulance receivables was not prepared. Ambulance collections were not reconciled to deposits. Also, a listing of the outstanding accounts receivable isn't being provided to the Board of Supervisors twice a year and all write-offs of accounts receivable, for other than Medicare/Medicaid purposes, are not being approved by the Board of Supervisors.

Recommendation – Procedures should be established to reconcile in writing beginning ambulance receivables, new billings, write-offs, collections and ending ambulance receivables and to reconcile collections to deposits. An independent person should review the reconciliations and monitor receivables. A listing of outstanding accounts receivable should be provided to the Board of Supervisors twice a year. All write-offs of accounts receivable, for other than Medicare/Medicaid purposes, should be approved by the Board of Supervisors.

Response – We will have the ambulance employee continue to work on implementing this.

**Osceola County**  
Schedule of Findings  
Year Ended June 30, 2008

Conclusion – Response accepted. Please do have the ambulance employee attempt to implement this.

08-M      Disbursement/Payroll Procedures – We noted an instance where there was no signed authorization on file in the employee's personnel records for a payroll deduction and several instances where there was no supporting documentation on file or where the only support for some credit card charges was a copy of the credit card slips (there was no additional supporting documentation/invoice).

Recommendation – All disbursements, including employee reimbursements and credit card charges, need to be supported by an actual receipt or invoice that supports the disbursement in detail. This receipt or invoice needs to be marked "paid" or otherwise cancelled upon payment to avoid duplicate payments and needs to be retained and filed as proof for the disbursement. Employees' personnel records need to be reviewed to ensure all written authorization forms are on file for payroll deductions.

Response – We will evaluate our disbursement and payroll procedures in an attempt to identify ways we can eliminate these issues.

Conclusion – Response accepted. Please do evaluate your disbursement and payroll procedures.

08-N      Reconciliation of Jailstay Billings – A proper reconciliation of beginning jailstay receivables, new billings, payments received, write-offs and ending jailstay receivables was not prepared and compared to a detailed subsidiary listing of jailstay receivables.

Recommendation – Procedures should be established by the Sheriff's office personnel to reconcile in writing beginning jailstay receivables, new billings, payments received, write-offs and ending jailstay receivables. This written reconciliation needs to agree with a detailed subsidiary listing of jailstay receivables.

Response – We will have the Sheriff's Office address this.

Conclusion – Response accepted. Please have the Sheriff's Office attempt to implement this.

08-O      Financial Reporting – During the audit, we identified material amounts of assets, liabilities, net assets/fund balances, revenues and expenses/expenditures not recorded properly in the County's financial statements. Adjustments were subsequently made by the County to properly include these amounts in the financial statements.

Recommendation – The County should implement procedures to ensure all assets, liabilities, net assets/fund balances, revenues and expenses/expenditures are identified and

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included in the County's financial statements. Management should be reviewing the financial records on a regular basis to help ensure the accuracy of the financial records.

Response – We will review our procedures to identify areas where we can improve on our financial records.

Conclusion – Response accepted. Please do review your procedures.

08-P      Management Procedures – Based on findings during the audit, we identified that there appears to be a lack of oversight by management over developing internal control, compliance and antifraud procedures; monitoring existing procedures that are in place to ensure the procedures are enforced; and communicating the County's expected ethics.

Recommendation – County management needs to establish policies and procedures that ensure effective internal control, compliance and antifraud procedures are in place and monitored on a regular basis. County management needs to review audit findings identified, assess the level of risk associated with each finding, and incorporate this assessed level of risk into its development of policies and procedures. County management also needs to communicate the County's expected ethics and hold County employees accountable to those expected ethics.

Response – We will address your recommendation.

Conclusion – Response accepted. Please address this recommendation.

08-Q      Bank Signature Card – The County needs to remove from the authorized signers' list at one bank an individual who is no longer authorized to make disbursements. The County needs to get the bank account updated to include only all properly authorized signers.

Recommendation – The County needs to correct the authorized bank accounts signers' list to allow only all eligible current officials to make transactions. Procedures need to be established to ensure that an individual who is no longer authorized to make financial transactions is immediately removed from all authorized signers' lists and that any new individuals are properly authorized to do so on the signers' lists.

Response – We will implement this recommendation.

Conclusion – Response accepted

**INSTANCES OF NON-COMPLIANCE:**

No matters were reported.

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**Other Findings Related to Required Statutory Reporting:**

08-1      Certified Budget – Disbursements during the year ended June 30, 2008 exceeded the amounts budgeted in the roads and transportation and debt service functions. Disbursements in one department exceeded the amount appropriated before the departmental appropriation was properly amended. Also, one budget amendment was not published properly. The published amended budget understated the increase in budgeted disbursements that was intended to be and was actually adopted.

Recommendation – The budget should have been amended in accordance with Chapter 331.435 of the Code of Iowa before disbursements were allowed to exceed the budget.

The department appropriations should have been amended in accordance with Chapter 331.437 of the Code of Iowa before disbursements were allowed to exceed the amount appropriated for each department.

All budget publications should be in accordance with Chapter 331.434(3) of the Code of Iowa. The published budget amendment should reconcile to the intended adopted amended budget.

Response – We will amend the budget when required and appropriations will be watched more closely by the departments. We will try to make sure budget publications are published properly in the future.

Conclusion – Response accepted.

08-2      Questionable Expenditures – Certain expenditures were noted that we believe may not meet the requirements of public purpose as defined in an Attorney General's opinion dated April 25, 1979 since the public benefits to be derived have not been clearly documented or the necessary documentation to support the expenditure was not present. These expenditures are detailed as follows:

The only support for several credit card charges was a copy of a credit card slip (there was no detailed receipt/supporting documentation). Additionally, we noted several credit card charges and employee reimbursements which did not have any supporting documentation/invoice. These issues affect the County and the Public Safety Commission. Also, a County department incurred some credit card finance charges.

Emergency Management Services reimbursed an employee for mileage at 5¢/mile higher than the approved mileage rate and paid for a hotel charge for a "no-show".

According to the opinion, it is possible for certain expenditures to meet the test of serving a public purpose under certain circumstances, although such items will certainly be subject to a deserved close scrutiny. The line to be drawn between a proper and improper purpose is very thin.



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Recommendation – The Board of Supervisors and the County Emergency Management Commission should determine and document the public purpose served by these expenditures before authorizing any further payments. If this practice is continued, the County should establish written policies and procedures, including requirement for proper documentation. All disbursements, including credit card charges and employee reimbursements, should be supported by an actual receipt/invoice that supports the charge in detail.

Response – We will stress to employees the need to obtain and retain invoices that support all expenditures and keep receipts on all credit card charges. We will stress to all departments that charges need to be submitted timely in order to avoid finance charges. We will have the Emergency Management Commission address the excess mileage and hotel “no-show” charge.

Conclusion – Response accepted. Please stress the importance of needing to maintain detailed support for all charges and reducing unnecessary costs.

08-3 Travel Expense – No expenditures of County money for travel expenses of spouses of County officials or employees were noted. However, please see “Other Findings Related to Required Statutory Reporting: 08-2” for a possible related comment.

08-4 Business Transactions – Business transactions between the County and County officials or employees are detailed as follows:

Name, Title and Business Connection	Transaction Description	Amount
Rick Echter, Husband of Barb Echter – County Auditor Owner of Echter’s Greenhouse	Lawn products, plants and office décor	\$ 683
John Corbett, Conservation Board Member Owner of Corbett Plumbing & Hardware	Plumbing work and supplies/materials	130

Business transactions between the Public Safety Commission and Public Safety Commission Board members or employees are detailed as follows:

Name, Title and Business Connection	Transaction Description	Amount
Arlyn Pedley, Public Safety Commission Board Member Owner of The Press	Publications, advertising and office supplies	\$ 1,325

In accordance with Chapter 331.342(10) of the Code of Iowa, the transactions with Echter’s Greenhouse, Corbett Plumbing & Hardware and the Press do not appear to represent conflicts of interest since the total transactions with each were less than \$1,500 during the fiscal year.

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08-5      Bond Coverage – Surety bond coverage of County officials and employees is in accordance with statutory provisions. The amount of surety bond coverage should be reviewed annually to ensure that the coverage is adequate for current operations.

08-6      Board of Supervisors Minutes – The County was not properly reporting and publishing the payroll related claims that were not employee wages (health insurance, deferred compensation, payroll taxes, IPERS, flex spending, etc...) in the Board minutes until November 27, 2007. We noted there were some instances where items were discussed/approved that weren't readily apparent based on the tentative agenda. The November 8, 2007 minutes were never approved at a subsequent Board meeting. Loans of \$3,500 on July 24, 2007 and \$5,290 on January 17, 2008 from the General Fund to the Flex Spending Fund were not approved by the Board by resolution. Also, the \$5,290 interfund loan was not repaid by the Flex Spending Fund to the General Fund by June 30, 2008.

Recommendation – The County should be reporting and publishing all the payroll related claims that are not employee wages in the Board minutes in order to comply with Chapter 349.18 of the Code of Iowa. The County should consult with the County Attorney to ensure proper public notice is being provided in accordance with Chapter 21.4 of the Code of Iowa when issues are added to the agenda at the beginning of a Board meeting. The County should be approving its Board minutes at a subsequent meeting to attest to the accuracy of the written Board minutes. In accordance with Chapter 331.477 of the Code of Iowa, short-term interfund loans should be formally approved by the Board by passing a resolution and the interfund loans need to be repaid by the end of the fiscal year in which the loans were made.

Response – We have implemented your recommendation regarding the publishing of payroll related items. The Board of Supervisors has consulted with the Attorney General regarding agenda amendments and will be complying with Chapter 21.4 based on guidance provided. We will make sure we approve all meetings at a subsequent meeting. We will have the Board approve all interfund loans by resolution and attempt to make sure the loans are repaid by the end of the fiscal year.

Conclusion – Response accepted.

08-7      Deposits and Investments – The County complied with the deposit and investment provisions of Chapter 12B and 12C of the Code of Iowa and the County's investment policy.

08-8      Resource Enhancement and Protection Certification – The County properly dedicated property tax revenue to conservation purposes as required by Chapter 455A.19(1)(b) of the Code of Iowa in order to receive the additional REAP funds allocated in accordance with subsections (b)(2) and (b)(3). However, the "Certification of County Conservation

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Purposes Support by County Property Taxes” report for the fiscal year ended June 30, 2008 was not filed until November 5, 2008.

Recommendation – The “Certification of County Conservation Purposes Support by County Property Taxes” report should be prepared and filed timely by October 1 each year.

Response – We will make every effort to file this report timely in the future.

Conclusion – Response accepted.

08-9

County Extension Office – The County Extension Office is operated under the authority of Chapter 176A of the Code of Iowa and serves as an agency of the State of Iowa. This fund is administered by an Extension Council separate and distinct from County operations and, consequently, is not included in Exhibits A or B.

Disbursements during the year ended June 30, 2008, for the County Extension Office did not exceed the amount budgeted.

The detail of checks #10365 to #10429 was not listed in the Extension’s minutes as being approved. The vote of each member is not identifiable in the Extension meeting minutes.

During the fiscal year, the County Extension paid \$44 for a funeral arrangement given as a memorial. Also, we noted that the County Extension incurred some late fees and finance charges on credit card statements.

The County Extension needs to review the “Findings Related to the Financial Statements” for reportable conditions that could improve the Extension’s internal control also.

Recommendations – A listing of all checks by check number, name of payee and amount of each check that are approved for payment need to be included in the Extension’s minutes. The vote of each member should be identifiable in accordance with Chapter 21 of the Code of Iowa.

The Council should determine and document the public purpose served by giving a memorial before authorizing any further payments. If this practice is continued, the Extension Council should establish written policies and procedures, including requirements for proper documentation. The County Extension needs to develop a system of paying and approving disbursements so that late fees and finance charges are not incurred.

Response – We will stress to the Extension Council the need to address these issues.

Conclusion – Response accepted.

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08-10      Mental Health Fund Copier – The copier that was purchased in the past with Mental Health Fund money is no longer in the Mental Health office and is used primarily by other offices.

Recommendation – The copier should be sold to the General Fund at the fair market value of the copier at the time it was no longer mainly used by Mental Health. This is needed in order to correlate with its primary function in the recent past, at this time and for the foreseeable future. Please consult with the County Attorney regarding this issue.

Response – This recommendation has been noted.

Conclusion – Response acknowledged. Please implement this recommendation.

08-11      Financial Condition – The Mental Health Fund had a deficit fund balance at June 30, 2008 of \$81,090.

Recommendation – The County should investigate alternatives to eliminate this deficit fund balance in order to return this fund to a sound financial position.

Response – We are making every effort to keep Mental Health related claims stay within the available revenues.

Conclusion – Response accepted. Please contact the State of Iowa to verify if there are any additional alternatives to provide funding for Mental Health claims.

08-12      County Treasurer's Report – The County Treasurer's December 31, 2007 semi annual report and June 30, 2008 annual report improperly omitted the County Attorney Incentive Fund's name on these reports. However, the correct financial totals for this fund were shown on the reports.

Recommendation – Each County Treasurer's report of receipts, disbursements and ending cash balances, including the checks outstanding against each fund, needs to be published listing each separate fund in accordance with Chapter 349.16(3) of the Code of Iowa. Each report needs to properly list the names of all funds.

Response – We will make sure these reports are prepared properly in the future.

Conclusion – Response accepted.

08-13      E911 Service Board Budgets – The Joint E911 Service Board's fiscal year July 1, 2007 to June 30, 2008 budget contained several errors (the County Auditor's certification reported some improper numbers and the E911 Surcharge Fund's supplemental detail amounts do not reconcile to the E911's records). Additionally, the June 23, 2008 amendment to the

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budget was not prepared properly. The amendments are listed by individual line items rather than by fund totals. The amended budget should be prepared using fund totals.

Recommendation – The July 1, 2007 to June 30, 2008 budget and the June 23, 2008 budget amendment should be corrected for the errors. The corrected budget and budget amendment should be resubmitted to the Iowa Department of Management and the Iowa Department of Public Defense/Emergency Management Division. Care should be taken when preparing future budgets and budget amendments in order to ensure the budgets are proper.

Response – We will contact the Iowa Department of Management and the Iowa Department of Public Defense/Emergency Management Division about the errors on the fiscal year ending June 30, 2008 budget and budget amendment. We will use due diligence in preparing future budgets and budget amendments.

Conclusion – Response accepted. Please seek assistance if you have questions on how to properly prepare the original budget or an amended budget.

08-14      Emergency Management and E911 Board Minutes and Proceedings – We noted the minutes of one meeting for the E911 Board was not signed by the Board chairman or any other Board member. The Emergency Management director's wage for fiscal year 2007/2008 was not approved by the Emergency Management Board in the minutes. Additionally, we noted that there is no approval of the director's time sheets and no monitoring of compensated absences (vacation, sick leave or comp time).

Recommendation – The E911 Board should have the minutes of its meetings properly signed by a Board member as soon as the Board approves the minutes. Signing of the minutes by a Board member is needed to attest to the accuracy of the minutes.

The Emergency Management director's wage should be noted as approved by the Emergency Management Board in the minutes. Also, the Board should be approving the director's time sheets and monitoring compensated absences, especially in regard to comp time earned/used.

Response – We will make sure that in the future all minutes are signed timely by an E911 Board member upon Board approval. The Emergency Management Board will work on implementing the recommended procedures.

Conclusion – Response accepted. Please do attempt to implement these procedures.

08-15      Public Safety Commission Funding – The Public Safety Commission is currently using more of a "how much can each entity afford to contribute" approach for member funding rather than the statutory allowed funding methods.

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Recommendation – The Public Safety Commission should comply with Chapter 28E.23 of the Code of Iowa for member funding. The Public Safety Commission should consult with an attorney regarding this issue.

Response – The Public Safety Commission will consider this issue.

Conclusion – Response acknowledged. However, unless Chapter 28E.23 of the Code of Iowa is amended, one of the methods of member funding currently statutorily authorized should be followed.

08-16

Assessor's Board Minutes – We noted the minutes of two meetings of the Assessor's Conference Board were not signed by the Board chairman or any other Board member. Also, the May 23, 2007 minutes for the Assessor's Review Board were never approved at a subsequent Board meeting.

Recommendation – The Assessor's Conference Board should have the minutes of its meetings properly signed by a Board member as soon as the Board approves the minutes. Signing of the minutes by a Board member is needed to attest to the accuracy of the minutes. The Assessor's Review Board should be approving its Board minutes at a subsequent meeting to attest to the accuracy of the written Board minutes.

Response – We will have these Assessor's Boards make sure that their minutes are properly approved and signed.

Conclusion – Response accepted.

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**Listing of Auditors**

This audit was performed by:

David De Noble, CPA, Senior Auditor  
Carmen Austin, CPA, Senior Auditor  
James Fisher, CPA, Senior Auditor  
Stephenie Korthals, Assistant Auditor  
Johnna Ahrendt, Assistant Auditor

De Noble & Company PC  
Certified Public Accountants